



RBA
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO 3
AGENDA DATE 5/24/07
PAGE 1 OF 2

SUBJECT Approve a resolution authorizing the issuance of Austin Housing Finance Corporation 501(c)(3) Multifamily Housing Revenue Bonds (Meadowood Project) Series 2007 in an amount not to exceed \$9 950 000, and authorizing negotiation and execution of a trust indenture a loan agreement a regulatory agreement and other documents required to provide permanent financing of the Meadowood Apartments at 9601 Middle Fiskville Road Austin TX to be owned and operated by a single purpose Texas non profit corporation affiliated with San Antonio Alternative Housing Corporation

AMOUNT & SOURCE OF FUNDING N/A

FISCAL NOTE N/A

REQUESTING
DEPARTMENT Austin Housing Finance Corporation **DIRECTOR'S**
AUTHORIZATION _____

FOR MORE INFORMATION CONTACT Paul Hilgers Executive Director, Austin Housing Finance Corporation, 974-3108

PRIOR BOARD ACTION Public hearing held March 1 2007

PRIOR COUNCIL ACTION

The current project under consideration involves the issuance of up to \$9 950 000 of 501(c)(3) multi family non recourse bonds to provide permanent financing of the Meadowood Apartments at 9601 Middle Fiskville Road Austin TX to be owned and operated by a single purpose Texas non profit corporation affiliated with San Antonio Alternative Housing Corporation a Texas Non profit corporation dedicated to providing affordable housing The new single purpose non profit corporation that will own the apartment project will meet all the requirements to be designated and certified as a Community Housing Development Organization (CHDO) The bonds to be issued are repayable only from rents generated by the apartment complex and for which the full faith and credit of the City or the Austin Housing Finance Corporation is not pledged

The Meadowood Apartments consist of 200 units of which 32 are one bedroom one bath units and 168 are two bedroom two bath units The rents currently range from \$619 to \$749 with 20 percent of the units reserved for families making less than 50 percent of Median Family Income (MFI) and rented at rates that do not exceed 30 percent of the occupant's gross monthly income 70% reserved for families with incomes below 80% of MFI and 10 % of the units unrestricted

The Austin Housing Finance Corporation has issued 501(c)(3) bonds for two other apartment projects sponsored by the San Antonio Alternative Housing Corporation. These include the Rutland Place Apartments at 1647 1711 Rutland Drive and the Stony Creek project which includes the Stony Creek Apartments at 4911 Manchaca and the Princeton Apartments at 8411 Airport Blvd.

Increasing the supply of reasonably priced rental housing continues to rank as one of the highest priorities for Austin residents. Financing this project answers a community need and promotes the AHFC mission of facilitating the financing and construction of housing which is affordable, accessible, decent, safe and sanitary for residents of Austin.

RESOLUTION NO _____

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (MEADOWOOD APARTMENTS PROJECT) SERIES 2007A AND TAXABLE SERIES 2007B, APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS, AND AUTHORIZING OTHER ACTIONS

WHEREAS Austin Housing Finance Corporation (the "Corporation") has been duly created and organized by action of the City Council of the City of Austin, Texas (the "Sponsoring Governmental Unit") under the provisions of the Texas Housing Finance Corporations Act, Chapter 394 Texas Local Government Code, as amended (the "Act") for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford, and

WHEREAS the Act authorizes the Corporation to issue bonds to defray in whole or in part the development costs of a residential development and

WHEREAS, the Board of Directors of the Corporation (the "Board") has determined to authorize the issuance of the Corporation's Multifamily Housing Revenue Bonds (Meadowood Apartments Project) Series 2007A (the "Series A Bonds") and Taxable Series 2007B (the "Series B Bonds") (collectively the "Bonds") pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Corporation and the trustee named therein (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below) all under and in accordance with the Constitution and laws of the State of Texas and

WHEREAS the Corporation desires to loan the proceeds of the Bonds to a non profit corporation, San Antonio Alternative Housing Corporation No 15 (the "Borrower") in order to finance the costs of acquisition and rehabilitation of the residential rental project described in Exhibit A attached hereto (collectively the "Project") located within the State of Texas and the units therein required pursuant to Section 142(d) and 145 of the Internal Revenue Code of 1986, as amended, to be occupied by persons and families of low and families of moderate income, as determined by the Corporation and pay costs of issuance of the Bonds, and

WHEREAS, the Corporation and the Borrower will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which the Corporation will agree to lend funds to the Borrower to enable the Borrower to finance the Project with such obligation evidenced by promissory notes (collectively, the "Note") and

WHEREAS, it is also anticipated that the Borrower will execute and deliver a First Deed of Trust Security Agreement and Assignment of Rents Security Agreement and Fixture Filing (collectively the "Mortgage") pursuant to which the Borrower will grant a lien upon and security

interest in the respective properties in favor of the Corporation and the Trustee as security for among other things, the performance of the Borrower's obligations under the Loan Agreement and the Corporation has assigned its interest in the Project to the Trustee pursuant to an Assignment of Lien and Security Interest from the Corporation to the Trustee (the 'Assignment') and

WHEREAS, the Board has determined that the Corporation, the Trustee and the Borrower will execute the Regulatory Agreement and Declaration of Restrictive Covenants to be dated as of May 1, 2007 (the "Regulatory Agreement") with respect to the Project which will be filed of record in the real property records of the county in which the Project is located, and

WHEREAS, the Board has further determined that the Corporation will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Borrower and Wachovia Bank, National Association (the "Bond Purchaser") setting forth certain terms and conditions upon which the Bond Purchaser will purchase the Bonds from the Corporation and the Corporation will sell the Bonds to the Bond Purchaser and

WHEREAS the Board has examined proposed forms of the Indenture the Loan Agreement, the Note, the Mortgage, the Regulatory Agreement and the Bond Purchase Agreement, all of which are attached to and comprise a part of this Resolution has found the form and substance of such documents to be satisfactory and proper and the recitals contained to be true correct and complete, and has determined to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith,

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF THE AUSTIN HOUSING FINANCE CORPORATION

Section 1 1 - Issuance, Execution and Delivery of the Bonds That the issuance of the Bonds is hereby authorized under and in accordance with the conditions set forth in the Indenture and that upon execution and delivery of the Indenture the authorized representatives of the Corporation named in the Resolution each are authorized hereby to execute and attest the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture) and thereafter to deliver the Bonds to the order of the Bond Purchaser pursuant to the Bond Purchase Agreement The aggregate principal amount of the Series A Bonds is \$ _____ and the aggregate principal amount of the Series B Bonds is \$ _____ The interest rate for the Series A Bonds is ____% per annum and the interest rate for the Series B Bonds maturing is ____% per annum

Section 1 2 - Approval, Execution and Delivery of the Indenture That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Corporation named in this Resolution each are authorized hereby to execute and attest the Indenture and to deliver the Indenture to the Trustee

Section 13 - Approval, Execution and Delivery of the Loan Agreement, the Note and Regulatory Agreement, Acceptance of Mortgage and Assignment That the form and substance of the Loan Agreement, the Note and the Regulatory Agreement are hereby approved, and that the authorized representatives of the Corporation named in this Resolution each are authorized hereby to execute and attest the Loan Agreement and the Regulatory Agreement provided further that the form and substance of the Mortgage and Assignment are hereby approved and the Mortgage and Assignment are hereby accepted by the Corporation and that the authorized representatives of the Corporation named in this Resolution each are authorized hereby to execute and attest any instruments in connection with the Mortgage and Assignment

Section 14 - Approval, Execution and Delivery of the Bond Purchase Agreement That the sale of the Bonds to the Bond Purchaser is hereby approved that the form and substance of the Bond Purchase Agreement are hereby approved solely with respect to the Bonds, and that the authorized representatives of the Corporation named in this Resolution each are authorized hereby to execute and attest the Bond Purchase Agreement solely with respect to the Bonds and to deliver the Bond Purchase Agreement to the Borrower and the Bond Purchaser solely with respect to the Bonds

Section 15 - Execution and Delivery of Other Documents That the authorized representatives of the Corporation named in this Resolution each are authorized hereby to execute attest and affix the Corporation's seal to such other agreements commitments, assignments, bonds certificates contracts, documents instruments releases financing statements, letters of instruction, notices of acceptance, written requests and other papers whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution

Section 16 - Exhibits Incorporated Herein That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes

Exhibit A - Indenture
Exhibit B - Loan Agreement
Exhibit C - Regulatory Agreement
Exhibit D - Mortgage
Exhibit E - Bond Purchase Agreement
Exhibit F - Assignment

Section 17 - Power to Revise Form of Documents That, notwithstanding any other provisions of this Resolution, the authorized representatives of the Corporation named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of McCall Parkhurst & Horton L L P and Rafael Quintanilla Co Bond Counsel to the Corporation, may be necessary or convenient to carry out or

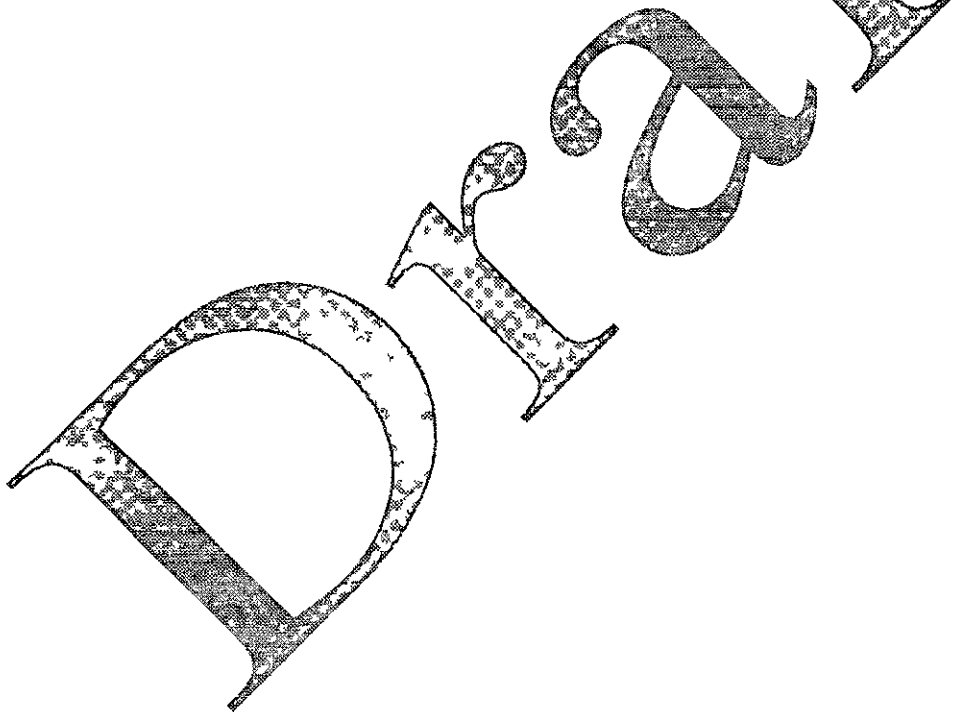
assist in carrying out the purpose of this Resolution such approval to be evidenced by the execution of such documents by the authorized representatives of the Corporation named in this Resolution

Section 19 - Authorized Representatives That the President, Vice President and Secretary are hereby named as authorized representatives of the Corporation for purposes of executing attesting affixing the Corporation's seal to, and delivering the documents and instruments referred to herein

ADOPTED _____, 2007

ATTEST


Shirley A. Gentry
Secretary



TRUST INDENTURE

Dated as of May 1, 2007

between

AUSTIN HOUSING FINANCE CORPORATION,
as Issuer

and

AMERICAN NATIONAL BANK
as Trustee

Relating to

\$9 375 000
Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Meadowood Apartments Project),
Series 2007A

and

\$325,000
Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Meadowood Apartments Project),
Taxable Series 2007B

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TRUST INDENTURE

THIS TRUST INDENTURE dated as of May 1, 2007 (as amended modified restated or supplemented, this "Indenture ") is entered into by **AUSTIN HOUSING FINANCE CORPORATION**, a housing finance corporation duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns the Issuer) and **AMERICAN NATIONAL BANK** a national banking association (together with any successor trustee or co trustee appointed hereunder the Trustee),

WITNESSETH

WHEREAS the Issuer has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the "Act), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford and

WHEREAS, the Act authorizes the Issuer (i) to make loans to any person to provide financing for rental residential developments located within the City of Austin Texas and intended to be occupied substantially (at least 90%) by persons of low and moderate income, as determined by the Issuer, (ii) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds and (iii) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans and to mortgage pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds and

WHEREAS by proceedings adopted pursuant to and in accordance with the provisions of the Act the Issuer has authorized the issuance of (i) its Multifamily Housing Revenue Bonds (Meadowood Apartments Project) Series 2007A in the original aggregate principal amount of \$9 375 000 (the Series A Bonds) and (ii) its Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Taxable Series 2007B in the original aggregate principal amount of \$325 000 (the "Series B Bonds and together with the Series A Bonds the Bonds") to provide permanent financing for a portion of the costs of the acquisition, rehabilitation and equipping of a 200 unit multifamily residential rental project known as Meadowood Apartments and located in Austin, Texas (the Project) and

WHEREAS pursuant to a Loan Agreement dated as of May 1 2007 (as the same may be amended modified, restated or supplemented from time to time in accordance with its terms and the terms hereof, the Loan Agreement), between the Issuer and San Antonio Alternative Housing Corporation No 15 a nonprofit corporation duly organized and validly existing under the laws of the State of Texas (together with its permitted successors and assigns, the Borrower), the Issuer has agreed to issue the Bonds and lend the proceeds thereof to the Borrower (the Loan) and the Borrower has agreed to (i) apply the proceeds of the Loan to

finance a portion of the costs of acquisition, rehabilitation and equipping of the Project (ii) make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds when due (whether at maturity by redemption, acceleration or otherwise) and (iii) observe the other covenants and agreements and make the other payments set forth therein and

WHEREAS, the Borrower has delivered to the Issuer (i) its promissory note dated May __, 2007 in an original principal amount equal to the original aggregate principal amount of the Series A Bonds (as the same may be amended, supplemented restated or modified from time to time, the Series A Note) and (ii) its promissory note dated May __ 2007 in an original principal amount equal to the original aggregate principal amount of the Series B Bonds (as the same may be amended, supplemented restated or modified from time to time the Series B Note) (collectively, the Notes) evidencing its obligation to repay the Loan and the Issuer has made the Loan to the Borrower subject to the terms and conditions of the Loan Agreement and this Indenture and

WHEREAS, the obligations of the Borrower under the Loan Agreement and the Notes will be secured by, among other things, a First Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated May __, 2007 (as the same may be modified amended, restated or supplemented from time to time, the Mortgage') from the Borrower granting a first lien on the Project to the trustee named therein for the benefit of the Issuer and by the other Loan Documents (as defined herein), and

WHEREAS, the Issuer intends to assign to the Trustee, as security for the Bonds, the Notes and the Mortgage and substantially all of the Issuer s rights under the Loan Agreement

NOW THEREFORE, in consideration of the premises and the mutual promises, representations and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound the parties hereto agree as follows

GRANTING CLAUSES

The Issuer in consideration of the premises the acceptance by the Trustee of the trusts hereby created the purchase and acceptance of the Bonds by the Owners thereof and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the principal of redemption premium if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants agreements and conditions herein and in the Bonds contained does hereby transfer pledge and assign, without recourse to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b), (c) and (d) below (said property being herein referred to as the 'Trust Estate), to wit,

- (a) All right title and interest of the Issuer in to and under the Loan Agreement (except the Unassigned Issuer s Rights as defined herein) and the Notes including without limitation, all rents, revenues and receipts derived by the Issuer from

the Borrower relating to the Project and including, without limitation all Pledged Revenues, Loan Payments and Additional Payments (as defined herein) derived by the Issuer under and pursuant to, and subject to the provisions of, the Loan Agreement (except the Unassigned Issuer's Rights) provided that the pledge and assignment made under this Indenture shall not impair or diminish the obligations of the Issuer under the provisions of the Loan Agreement

(b) All right, title and interest of the Issuer in, to and under together with all rights, remedies privileges and options pertaining to, the Bond Documents (as defined herein), and all other payments, revenues and receipts derived by the Issuer under and pursuant to, and subject to the provisions of, the Bond Documents, except for the Unassigned Issuer's Rights

(c) All moneys and investments from time to time on deposit in or forming a part of, all funds and accounts created and held by the Trustee under this Indenture (but excluding the Costs of Issuance Fund and the Rebate Fund), subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein

(d) Any and all other real or personal property of every kind and nature or description which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien of this Indenture as additional security by the Issuer or anyone on its part or with its consent or which pursuant to any of the provisions hereof or of the Loan Agreement may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture and the Trustee is hereby authorized to receive any and all such property as and for additional security for the Bonds and to hold and apply all such property subject to the terms hereof

TO HAVE AND TO HOLD, all and singular the Trust Estate with all rights and privileges hereby transferred pledged assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever

IN TRUST NEVERTHELESS upon the terms and conditions herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Outstanding Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Bond over or from the others except as herein otherwise expressly provided,

PROVIDED, HOWEVER that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of and premium if any on such Bonds with interest, according to the provisions set forth in the Bonds, or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions of Article XII (it being understood that any payment with respect to the principal of or interest on Bonds made by the Borrower shall not be deemed payment or provision for the payment of the principal of or interest on Bonds except Bonds purchased and canceled by the Trustee, all such uncanceled Bonds to remain Outstanding and the principal of and interest

thereon payable to the Owners thereof) and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid on demand of the Issuer and upon the payment by the Issuer of the cost and expenses thereof shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer all and singular the property rights privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefore or any part thereof, not previously disposed of or released as herein provided, otherwise this Indenture shall be and remain in full force

THIS INDENTURE FURTHER WITNESSETH and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Trust Estate is to be held and applied under upon and subject to the terms, conditions, stipulations, covenants, agreements trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Trustee, for the benefit of the respective Owners from time to time of the Bonds as follows

ARTICLE I

DEFINITIONS, PROVISIONS OF GENERAL APPLICATION

Section 1 01 Definitions For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise clearly requires

(a) Capitalized terms not otherwise defined herein have the meanings ascribed thereto in this Article I

(b) The terms 'herein, 'hereof' and 'hereunder' and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision The terms agree and 'agreements' contained herein are intended to include and mean covenant and covenants

(c) All references made (i) in the neuter masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well Singular terms shall include the plural as well as the singular and vice versa

(d) All accounting terms not otherwise defined herein have the meanings assigned to them and all computations herein provided for shall be made, in accordance with the Approved Accounting Method All references herein to Approved Accounting Method refer to such principles as they exist at the date of application thereof

(e) All references in this instrument to designated 'Articles' Sections' and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof

(g) Whenever the term “includes or including” is used in this Indenture such terms mean includes or including by way of example and not limitation

(h) The following terms have the meanings set forth below

Act has the meaning set forth in the recitals to this Indenture

Act of Bankruptcy means the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) by or against the Borrower under any applicable bankruptcy insolvency, reorganization or similar law, now or hereafter in effect provided that in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after the commencement thereof

Actual Debt Service means for the applicable period, all scheduled payments due pursuant to the Notes

Additional Payments means the Third Party Fees and other payments payable pursuant to Sections 2.06 and 4.13 of the Loan Agreement

Affiliate means as to any Person any other Person that, directly or indirectly is in Control of or is Controlled by or is under common Control with such Person

Affordable Rents has the meaning set forth in the Regulatory Agreement

Approved Accounting Method means generally accepted accounting principles applicable to entities organized as the Borrower in the United States of America as of the date of the applicable financial report or such other modified accrual or cash basis system of accounting approved by the Bondholder Representative

Authorized Amount means the sum of (i) \$9,375,000, the principal amount of the Series A Bonds authorized to be issued under this Indenture and (ii) \$325,000 the principal amount of the Series B Bonds authorized to be issued under this Indenture

Authorized Borrower Representative means a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Issuer the Bondholder Representative and the Trustee, containing the specimen signature of such person and signed on behalf of the Borrower by its Executive Director, which certificate may designate one or more alternates

Authorized Denomination means \$100,000 principal amount and any multiples of \$1 in excess thereof with respect to each series of the Bonds

Authorized Issuer Representative means the President or Vice President of the Issuer or, to the extent heretofore or hereafter provided by resolution of the Issuer or otherwise any

other duly authorized officer of the Issuer as evidenced by a written certificate furnished to the Trustee and the Borrower containing the specimen signature of such person and signed on behalf of the Issuer by an Authorized Issuer Representative. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Issuer Representative.

Bankruptcy Code means the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

Bankruptcy Proceeding has the meaning set forth in Section 3.01(h) of the Loan Agreement.

Beneficial Owner means the person in whose name a Bond is recorded as beneficial owner of such Bond by the Trustee or by a Securities Depository, a Participant or an Indirect Participant on the records of the Trustee or of a Securities Depository, a Participant or an Indirect Participant, as the case may be, or such person's subrogee.

Bond Counsel means McCall Parkhurst & Horton L.L.P. or any other attorney or firm of attorneys designated by the Issuer and approved by the Bondholder Representative, having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

Bond Documents means (i) this Indenture, (ii) the Loan Agreement, (iii) the Notes, (iv) the Mortgage, (v) the Regulatory Agreement, (vi) the Replacement Reserve Agreement, (vii) such assignments of management agreements, contracts and other rights as may be reasonably required, (viii) all UCC financing statements and other documents evidencing, securing, governing or otherwise pertaining to the Bonds or any other Bond Document, (ix) the Loan Documents, (x) the Bond Purchase Agreement and (xi) all amendments, modifications, renewals and substitutions of any of the foregoing.

'Bond Fund' means the Bond Fund created pursuant to Section 6.02.

Bond Obligations means the obligation of the Issuer to pay the principal, interest and premium, if any, on all Bonds as required by and set forth in the Indenture but only from the sources hereinafter identified.

Bond Purchase Agreement means the Bond Purchase Agreement dated May __, 2007, from the Bond Purchaser to the Issuer and the Borrower with respect to the purchase of the Bonds.

Bond Purchaser means Wachovia Bank, National Association, a national bank association organized and existing under and by virtue of the laws of the United States of America, and its successors and assigns.

Bond Register means the register maintained by the Trustee pursuant to Section 3.04 on behalf of the Issuer for the registration and transfer of the Bonds.

Bondholder Representative means the Bond Purchaser or any other Person or Persons who are designated by a Majority of Holders to act on behalf of the Bondholders as provided in Section 13 05

Bondholders, 'Holders Owners' or Registered Owners means the Person or Persons in whose name or names the Bonds are registered in the Bond Register

Bonds has the meaning set forth in the recitals to this Indenture

Book Entry System means a book entry system established and operated for the recordation of Beneficial Owners pursuant to Section 3 08

Borrower has the meaning set forth in the recitals to this Indenture

Borrower Debt means the unpaid principal of and premium if any, and interest on the Notes and other amounts payable by the Borrower under the Notes and Sections 2 05, 2 06 and 2 11 of the Loan Agreement

Borrower Payment Obligations means all payment obligations of the Borrower under the Notes, the Loan Agreement, the Loan Documents and each of the other Bond Documents, including but not limited to the Loan Payments and the Additional Payments

Business Day means any day other than (i) a Saturday or a Sunday, or (ii) a day on which federally insured depository institutions in New York, New York and the city in which the Office of the Trustee is located are authorized or obligated by law regulation governmental decree or executive order to be closed

Capital Expenses means expenses that are required to be capitalized under the Approved Accounting Method

Certificate of Authentication means the Certificate of Authentication attached to each Bond

Certificate of the Bondholder Representative means each and every certificate executed or required to be executed by the Bondholder Representative

Closing Date means May 31, 2007 the date of original issuance and delivery of the Bonds

Code means the Internal Revenue Code of 1986, as amended, and the Regulations, rulings and proclamations promulgated or proposed thereunder

Comptroller means the Comptroller of Public Accounts of the State of Texas

Condemnation means any proposed or actual taking or conveyance in lieu thereof, of all or any part of the Trust Estate

'Control Controlled' and Controlling means, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities by contract or otherwise

Costs of Issuance means the Issuer's issuance fee and the fees, costs, expenses and other charges incurred in connection with the issuance of the Bonds the negotiation and preparation of the Indenture and each of the other Bond Documents and shall include, but shall not be limited to, the following (i) counsel fees (including but not limited to Bond Counsel, Issuer's counsel Trustee's counsel Borrower's counsel, Bondholder Representative's counsel and Bond Purchaser's counsel) (ii) financial advisor fees incurred in connection with the issuance of the Bonds, (iii) initial Trustee acceptance and set-up fees and expenses (including fees of the counsel to the Trustee) incurred in connection with the issuance of the Bonds (iv) printing costs (for the Bonds and of any preliminary and final offering materials), (v) any recording fees, (vi) any additional fees charged by the Issuer and (vii) costs incurred in connection with the required public notices generally and costs of the public hearing

Costs of Issuance Fund means the Costs of Issuance Fund created pursuant to Section 6.02

Default' means the occurrence of an event which under any Bond Document would, but for the giving of notice or passage of time or both be an Event of Default or a Loan Agreement Default

Default Rate means a rate per annum equal to the lesser of (i) the maximum rate permitted by applicable law, or (ii) the applicable default rate set forth in the Notes, in each case compounded monthly (computed on the basis of actual days elapsed in a 365 or 366 day year, as applicable)

Determination of Taxability means (i) a determination by the Commissioner or any District Director of the Internal Revenue Service (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service (iii) a determination by any court of competent jurisdiction or (iv) receipt by the Trustee at the request of the Bondholder Representative, of an opinion of Bond Counsel in any such case to the effect that the interest on the Series A Bonds is includable in gross income for federal income tax purposes of the Bondholders or any former Bondholder provided that no such Determination of Taxability under clause (i) (ii) or (iii) shall be deemed to have occurred (a) unless the Borrower has been afforded the opportunity to participate in contesting such determination and (b) if the Borrower has elected to participate in contesting such determination in good faith and if the Borrower is proceeding with all applicable dispatch to prosecute such contest until the earlier of (1) a final determination from which no appeal may be taken with respect to such determination or (2) abandonment of such appeal by the Borrower

Eligible Funds means any moneys held by the Trustee in any fund or account under this Indenture and available, pursuant to the provisions hereof, to be used to pay principal of premium if any or interest on, the Bonds

ERISA means the Employment Retirement Income Security Act of 1974, as amended from time to time and the rules and regulations promulgated thereunder

ERISA Affiliate means all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code

Event of Default has the meaning set forth in Section 9.01

Exchange Act means the Securities Exchange Act of 1934 as amended

Fair Market Value means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and otherwise, the term *Fair Market Value* means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example a guaranteed investment contract a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is any commingled investment fund in which the Issuer and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment To the extent required by the Regulations the term *investment* will include a hedge

Favorable Opinion of Bond Counsel means with respect to any action the taking of which requires such an opinion, an unqualified Opinion of Counsel from Bond Counsel to the effect that such action will not impair the exclusion of interest on the Series A Bonds from gross income for purposes of federal income taxation (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof)

Fixed Rate means (i) ____% per annum with respect to the Series A Bonds and (ii) ____% per annum with respect to the Series B Bonds

Government Obligations means noncallable, nonprepayable (a) direct, general obligations of the United States of America, or (b) any obligations unconditionally guaranteed as to the full and timely payment of all amounts due thereunder by the full faith and credit of the United States of America (including obligations held in book-entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations

Governmental Authority means any court, board, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) now or hereafter in existence

Gross Proceeds means the aggregate of

(a) the net amount (after payment of all expenses of issuing the Bonds) of Bond proceeds received by the Issuer as a result of the sale of the Bonds

(b) all amounts received by the Issuer as a result of the investment of the Bond proceeds

(c) any amounts held in any fund or account to the extent that the Issuer or the Borrower reasonably expects to use the amounts in such fund to pay any Bond Obligations, and

(d) any securities or obligations pledged by the Issuer or by the Borrower as security for the payment of any Bond Obligation

Gross Revenues means, for the applicable period

(a) all rents income, receipts royalties revenues, issues, profits, damages and other income of any nature now due or which may become due to the Borrower or to which the Borrower may now or hereafter (including any income of any nature becoming due during any redemption period) become entitled to, or make demand or claim for arising or issuing from or out of the leases or from or out of the lease, occupancy or license of the use of the Project, or any part thereof, including but not limited to rent or payments derived from all leases of the Project, or any part thereof (provided, that any security or other refundable deposits held under leases shall be held and utilized by the Borrower in accordance with the terms of the leases), now or hereafter entered into and all bonuses, royalties parking or common area maintenance contributions, tax or insurance contributions deficiency rents and liquidated damages following default in any lease, excluding any gifts, grants bequests donations and contributions made to the Borrower, security deposits of tenants not applied to rent or other charges and disbursements to the Borrower from any Fund held under this Indenture which disbursements are not subject to the lien and security interest of this Indenture,

(b) investment income with respect to any money held by the Trustee in the funds and accounts established hereunder (except the Rebate Fund),

(c) all amounts realized by the Trustee pursuant to the exercise of the rights and remedies under the Mortgage, and

(d) any moneys received pursuant to the Loan Agreement from the insurance required by Article VI of the Loan Agreement or from title insurance or condemnation awards or proceeds with respect to the Project

Improvements has the meaning set forth in the Mortgage

Indemnified Party has the meaning set forth in Section 4.14 of the Loan Agreement

“Indenture” means this Indenture, as from time to time supplemented, modified, restated or amended by one or more Supplemental Indentures

“Independent,” when used with respect to any person means a person who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Issuer the Borrower, the Trustee, the Bondholder, the Manager or any other Person participating in the Bond financing (a ‘Financing Participant’) or in any obligor with respect to the Bonds or in any Affiliate of any Financing Participant or of any such obligor and (iii) is not connected with any Financing Participant or any such obligor as an officer, employee promoter, underwriter trustee, partner director or person performing similar functions

‘Indirect Participant’ means a broker-dealer bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant

Initial Bond means collectively, the initial Bond of each series registered by the Comptroller and subsequently canceled and replaced by definitive Bonds of each series for each maturity pursuant to the Indenture

Interest Payment Date means the first calendar day of each month commencing July 1 2007 and ceasing on the Maturity Date In any case where any Interest Payment Date is not a Business Day then payment need not be made on such date, but may be made on the next succeeding Business Day

Investment Agreement means any investment agreement between the Trustee and the provider thereof approved by the Bondholder Representative and the Borrower

Investor Letter means the Investor Letter in the form set forth in Exhibit E hereto

Issuer has the meaning set forth in the recitals to this Indenture

Issuer’s Fee means the annual fee of the Issuer in the amount of the greater of (a) 0003 times the amount of Bonds Outstanding on January 1, (b) 12 times the number of units in the Project or (c) \$1 200 per year payable pursuant to the terms of the Loan Agreement

Issue Price has the meaning set forth in Section 1 148-(b) of the Regulations

Land means the parcel of real property located in the City of Austin Texas, on which the Improvements are located, as more particularly described in the Regulatory Agreement

Late Charge means the amount due and payable as a late charge on overdue payments under the Notes, as provided in Section 7 of the Notes and Section 2 08 of the Loan Agreement

Leases” means the leases entered into for apartments units within the Project on the standard form of lease that has been approved by the Bondholder Representative

‘Legal Requirements means statutes, laws, rules, orders regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting all or part of the Project or any property or the construction, use alteration or operation thereof whether now or

hereafter enacted and in force, and all permits licenses and authorizations and regulations relating thereto and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project including any that may (i) require repairs modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof

Letter of Representations means any letter of representations between the Issuer and a Securities Depository

Liabilities has the meaning set forth in Section 4.14 of the Loan Agreement

“Licenses has the meaning set forth in Section 3.01(v) of the Loan Agreement

Lien means any interest, or claim thereof in the Project securing an obligation owed to or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract including the lien or security interest arising from a deed of trust, mortgage assignment, encumbrance pledge, security agreement conditional sale or trust receipt or a lease, consignment or bailment for security purposes The term Lien shall include reservations exceptions encroachments, easements rights of way covenants, conditions restrictions leases and other title exceptions and encumbrances affecting the Project

Loan means the mortgage loan made by the Issuer to the Borrower pursuant to the Loan Agreement in the aggregate principal amount of the Authorized Amount, as evidenced by the Notes

Loan Agreement has the meaning set forth in the recitals to this Indenture

‘Loan Agreement Default means any event of default set forth in Section 7.01 of the Loan Agreement A Loan Agreement Default shall exist if a Loan Agreement Default has occurred and is continuing beyond any applicable cure period

‘Loan Documents means (i) the Loan Agreement (ii) the Notes, (iii) the Regulatory Agreement (iv) the Mortgage (v) the Replacement Reserve Agreement (vi) such assignments of management agreements contracts and other rights as may be reasonably required, (vii) UCC financing statements and other documents evidencing, securing, governing or otherwise pertaining to the Loan or any other Loan Document (viii) all guaranties and all other material collateral documents and (ix) all amendments modifications renewals and substitutions of any of the foregoing

Loan Payment means the monthly loan payment payable pursuant to the Notes

Loan Payment Date means the first day of each month commencing on July 1 2007 or any other date on which the Series A Note or the Series B Note is prepaid or paid whether at the scheduled maturity or upon the redemption or acceleration of the maturity thereof

Low Income Tenant has the meaning set forth in the Regulatory Agreement

Majority of Holders means the Holders of more than 50% of the aggregate principal amount of all Outstanding Bonds (or beneficial interests therein)

Management Agreement means the _____ dated as of _____, 2007 between the Borrower and the Manager pursuant to which the Manager is to manage the Project, as amended modified, supplemented or restated from time to time

Management Fee means all fees in the nature of management fees payable to Manager under the Management Agreement

Manager means _____ or any subsequent management company employed by the Borrower and approved by any Bondholder Representative in accordance with the terms of the Mortgage the Loan Agreement or the other Bond Documents

Mandatory Sinking Fund Schedule means the Mandatory Sinking Fund Schedule attached as Exhibit B

"Maturity Date" means (i) June 1, 2037 with respect to the Series A Bonds and (ii) _____ 1, 20__ with respect to the Series B Bonds

Moody's means Moody's Investors Service Inc or its successor

Mortgage has the meaning set forth in the recitals to this Indenture

Multifamily Rules means the Issuer's published rules and procedures relating to multifamily revenue bonds as amended

Net Proceeds means net sale proceeds within the meaning of Section 1148-1(b) of the Regulations

"Notes" has the meaning set forth in the recitals to this Indenture

"Note Rate" means the annual interest rate from time to time as set forth in the Notes including, at any time while a Loan Agreement Default exists the Default Rate as provided in the Notes

Office of the Trustee means the office of the Trustee at the address set forth in Section 13.01 or at such other place or places as may be designated by the Trustee from time to time

'Operating Expenses' means for the applicable period, the actual current expenses, paid or accrued of operation maintenance and current repair of the Project, as calculated in accordance with generally accepted accounting principles and includes, without limiting the generality of the foregoing, insurance premiums tax deposits and insurance escrows, administrative and legal expenses of the Borrower relating to the Project, labor executive compensation, a Management Fee not to exceed 4.00% of the Gross Revenues, the cost of materials and supplies used for current operations of the Project, the cost of replacement of carpets window coverings appliances, heating ventilation and air conditioning units and

painting, the cost of vehicles equipment leases and service contracts related to the Project, taxes and charges for the accumulation of appropriate reserves for current expenses not annually recurrent but that are such as may reasonably be expected to be incurred in connection with the Project and in accordance with sound accounting practice 'Operating Expenses' will not include Actual Debt Service, any payments made on account of any debt other than the Loan, allowance for depreciation, amortization or other non-cash items gains and losses or prepaid expenses not customarily prepaid

Operating and Maintenance Expenses means, in the aggregate for any period all current expenses of the ownership, operation and maintenance of the Project for such period, as determined on an accrual basis including but not limited to (a) any trustee, servicing, administration and other fees due in connection with the Bonds and (b) all deposits to the reserves established under the Indenture, but excluding, however, depreciation amortization and other non-cash expenses with respect to such period

Opinion of Counsel means a written opinion from an attorney or firm of attorneys acceptable to the Issuer, the Trustee and the Bondholder Representative, with experience in the matters to be covered in the opinion

Other Charges means all maintenance charges, impositions other than Taxes and any other charges now or hereafter levied or assessed or imposed against the Project or any part thereof

Outstanding' or Outstanding Bonds means the sum of all Bonds theretofore authenticated and delivered under this Indenture except

(a) Bonds theretofore canceled or required to be canceled by the Trustee or delivered to the Trustee for cancellation,

(b) Bonds which are deemed to have been paid in accordance with this Indenture,

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture and

(d) Bonds not tendered when required under the provisions of this Indenture that are deemed tendered

In determining whether the Registered Owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction notice consent or waiver under the provisions of this Indenture the Loan Agreement or any other Bond Document, Bonds which are owned by or held for the account of the Borrower, the Issuer or any other obligor on the Bonds or any Affiliate of any one of said entities shall be disregarded and deemed not to be Outstanding for the purpose of any such determination

Participant means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository

Permitted Encumbrances has the meaning given such term in the Mortgage

law
Permitted Investments means any of the following if and to the extent permitted by

(a) Government Obligations

(b) Interest bearing time or demand deposits, certificates of deposit prime commercial paper investment agreements or other similar banking arrangements with any bank trust company national banking association or other savings institution (including the Trustee or its Affiliates) provided that, at the time of purchase, (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation the proceeds of which insurance are timely available or (ii) the senior debt of such Depository is rated in one of the two highest letter rating categories of Standard & Poor's or Moody's or (iii) such Depository has combined capital and surplus of at least \$5,000,000 and such deposits certificates and other arrangements (to the extent not insured as described in clause (i) above) are fully secured by obligations described in clause (a) or (c) of this definition in an amount, as valued against market at least monthly, at least equal to 100% of the sum of the outstanding balance of such deposits certificates and other arrangements

(c) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following Bank for Cooperatives Federal Intermediate Credit Banks Federal Home Loan Banks Federal Farm Credit Banks, Export Import Bank of the United States Federal Land Banks, Government National Mortgage Association, Federal Financing Bank, or Small Business Administration, or any other agency or instrumentality of the United States of America (created by an Act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America,

(d) Full faith and credit obligations of any state of the United States of America

(e) Contracts for the purchase and sale of obligations described in clause (a) of this definition, provided that if the Persons with which such contracts are made are not members of the Federal Reserve System or if such Persons (including members of the Federal Reserve System) are not required to set aside and otherwise identify to the satisfaction of the Trustee obligations described in clauses (a) (b) or (c) above to such contracts as security or reserve therefore in an amount, as valued against market at least monthly, at all times (other than within thirty days after each valuation) at least equal to 100% of the sum of the face amount of each such contract, such obligations shall be delivered to and held by a Depository during the term of such contracts,

(f) Interest-bearing notes issued by a bank, trust company national banking association or other depository institution or by a bank holding company, an insurance company or other financial institution, the senior debt of which is rated in the two highest letter rating categories of Standard & Poor's or Moody's at the time of purchase,

(g) Shares of money market funds which invest solely in Investment Securities listed in one or more of (a) (b), (c) or (e) above, including funds operated or managed by the Trustee or any of its Affiliates,

(h) Bonds, notes or other securities the interest on which is excludable from gross income for purposes of federal income taxation under Section 103 of the Code that are rated by either Moody's or Standard & Poor's in one of the three highest whole rating categories established by such rating service, or interests in funds which invest solely in such bonds, notes or other securities,

(i) An Investment Agreement, and

(j) Any other investments approved by the Bondholder Representative

Person or *person* means any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

Plan means (i) an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions and (ii) which is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

'Pledged Revenues' means the amounts pledged under this Indenture to the payment of the principal of and premium and interest on the Bonds, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the Issuer is entitled and which are held by the Trustee, derived from or in connection with the Project and the Bond Documents, including all Loan Payments due under the Loan Agreement and the Notes; all amounts obtained through the exercise of the remedies provided in the Bond Documents and all receipts of the Trustee credited under the provisions of this Indenture against said amounts payable; and (ii) moneys held in the funds and accounts established under this Indenture, together with investment earnings thereon (except any amounts on deposit in the Rebate Fund).

"Prepayment Premium" means (i) any premium payable by the Borrower pursuant to the Loan Documents in connection with a prepayment of the Notes (including any prepayment premium as set forth in the Notes) and (ii) any premium payable by the Issuer on the Bonds pursuant to this Indenture.

Project means the 200-unit multifamily residential rental project known as the Meadowood Apartments and located in Austin, Texas, and consisting of the Land and the Improvements thereon owned by the Borrower and encumbered by the Mortgage, together with all rights pertaining to such real property and Improvements, as more particularly described in the Granting Clauses of the Mortgage and referred to therein as the *Property*.

Project Fund means the Project Fund created pursuant to Section 6.02.

Proportionate Basis when used with respect to the redemption of Bonds means that the aggregate principal amount of each maturity (and series if applicable) to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the principal amount of Bonds of each maturity (of such series, if applicable) then Outstanding and to be redeemed bears to the principal amount of all Bonds (of such series if applicable) then Outstanding and to be redeemed provided that if the amount available for redemption of Bonds of any maturity is insufficient to redeem a multiple of \$1 principal amount of such maturity such amount shall be applied to the redemption of the highest possible integral multiple (if any) of \$1 principal amount of such maturity For purposes of the foregoing, the Bonds shall be deemed to mature in the years and in the amounts of the sinking fund installments as set forth in Section 4 06 Any Bonds purchased with moneys that would otherwise be applied to redemption on a Proportionate Basis on the next succeeding Interest Payment Date shall be taken into account in determining "Proportionate Basis" with respect to such redemption When used with respect to the purchase of Bonds 'Proportionate Basis ' shall have the same meaning as set forth above (substituting purchase for redeem or redemption and purchased for redeemed)

Purchase Price means the price paid for the purchase of Bonds in lieu of redemption pursuant to Section 4 07 of this Indenture, which shall be equal to the applicable Redemption Price

Qualified Project Costs means any expenditure (a) to provide facilities and improvements that constitute part of a qualified residential rental project within the meaning of Section 142(d) of the Code and (b) that is properly chargeable to the Project's capital account under general federal income tax principles or that would be so chargeable with a proper election or but for a proper election by the Borrower to deduct such expenditure including the following

- (a) The cost of acquiring the Project,
- (b) The cost of labor, materials machinery and equipment as payable to contractors, builders and materialmen in connection with the rehabilitation of the Project
- (c) Expenses necessary or incident to determining the feasibility or practicability of undertaking the Project, the fees and expenses of architects, engineers and management consultants for making studies, surveys and estimates of costs and of revenues and other estimates, and fees and expenses of architects and engineers for preparation of plans, drawings and specifications and for administration of the rehabilitation contract or contracts for the Project, as well as for the performance of all other duties of architects and engineers in relation to the acquisition rehabilitation and equipping of the Project,
- (d) Expenses of administration supervision and inspection properly chargeable to the Project, costs of development of the Project, legal expenses and fees of the Borrower in connection with the acquisition rehabilitation or equipping of the Project (but not the issuance of the Bonds or costs associated with the Loan Documents), cost of abstracts and reports on title to real estate, owners title insurance premiums, cost of

managing investments of moneys deposited in the funds created under the Bond Documents and all other items of expense, and

(e) Reimbursement to the Borrower for any costs described above and paid by the Borrower, whether before or after the Closing Date, provided however, that reimbursement for any expenditures made prior to the Closing Date shall only be permitted for expenditures meeting the requirements of applicable Treasury Regulations, including Treasury Regulations Section 1.150-2 or any successor Treasury Regulations

Qualified Project Period has the meaning set forth in the Regulatory Agreement

“Rating Agency” means any one and each of Standard & Poor’s Moody’s and Fitch Inc then rating the Bonds or any other nationally recognized statistical rating agency then rating the Bonds, which has been approved by the Bondholder Representative

Rebate Amount means, for any given period, the amount determined by the Rebate Analyst to be rebated or paid as a yield reduction payment to the United States of America with respect to the Bonds

Rebate Analyst means any Person, chosen by the Borrower and acceptable to the Trustee and at the expense of the Borrower, qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the arbitrage rebate regulations promulgated under the Code, which is engaged for the purpose of determining the amount of required deposits to the Rebate Fund if any

Rebate Analyst’s Fee means the fee of the Rebate Analyst The Rebate Analyst’s Fee is payable by the Borrower pursuant to the Loan Agreement

Rebate Fund means the Rebate Fund created pursuant to Section 6.02

Record Date means the day immediately prior to any Interest Payment Date

Redemption Price means the sum of (i) the Outstanding principal amount of the Bonds to be redeemed (ii) accrued and unpaid interest on the Bonds to be redeemed to the date of redemption and (iii) the Prepayment Premium, if any

Regulations means with respect to the Code the relevant regulations and proposed regulations thereunder or any relevant successor provision to such regulations and proposed regulations

Regulatory Agreement means the Regulatory and Land Use Restriction Agreement, dated as of May 1, 2007 by and among the Issuer, the Trustee and the Borrower, as amended, modified supplemented or restated from time to time

Related Person means a related person as defined in Section 147(a) of the Code

Rents has the meaning set forth in the Mortgage

Replacement Reserve Agreement means the Replacement Reserve and Security Agreement dated as of May 1, 2007 by and between the Borrower and the Trustee

Replacement Reserve Deposit has the meaning set forth in the Replacement Reserve Agreement

Replacement Reserve Fund means the fund created pursuant to Section 6.02 of this Indenture

Replacement Reserve Fund Requirement has the meaning set forth in the Replacement Reserve Agreement

Resolution means the resolution of the Board of Directors of the Issuer authorizing the issuance of the Bonds and the execution and delivery of the Bond Documents to which the Issuer is a party

Responsible Officer means any officer within the Corporate Trust Department (or any successor group) of the Trustee including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively who is responsible for the administration of this Indenture

Secondary Market Transaction has the meaning set forth in Section 8.01 of the Loan Agreement

Securities Act means the Securities Act of 1933 as amended

Securities Depository means The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book Entry System with respect to the Bonds

Securities Depository Nominee means the Securities Depository or the nominee of such Securities Depository in whose name the Bonds shall be registered on the Bond Register of the Issuer while the Bonds are in a Book-Entry System

Series A Bonds has the meaning set forth in the recitals to this Indenture

Series A Note has the meaning set forth in the recitals to this Indenture

Series B Bonds has the meaning set forth in the recitals to this Indenture

Series B Note has the meaning set forth in the recitals to this Indenture

Servicer has the meaning set forth in Section 10.15

Special Projects mean projects located in the City of Austin, Texas or projects that directly benefit residents of the City of Austin, Texas and which receives the written approval of the Issuer. The definition may also include (a) first-time homeowners counseling, (b) first-time

down payment and closing cost assistance (c) single and multi family rental developments, (d) social service, educational and counseling services for Borrower residents in Austin, Texas (e) actions taken to prevent Events of Default, and (f) actions taken to maintain or enhance the value of the Project or (g) programs to aid and assist low income tenants Projects listed in the second sentence hereof do not require the written approval of the Corporation

'Standard & Poor's' means Standard & Poor's Ratings Services, a Division of the McGraw Hill Companies, Inc., or its successor

State means the State of Texas

Supplemental Indenture means a Supplemental Indenture entered into in accordance with and for the purposes set forth in Article XI

Surplus Cash means with respect to a fiscal year, the amount equal to Gross Revenues less the sum of (1) Maintenance and Operating Expenses (2) resident services expenses and (3) payments on Borrower's equity investment and/or promissory note scheduled payments of principal and interest on indebtedness multiplied by 9.5%

Tax Certificate means the No Arbitrage Certificate of the Issuer dated as of the Closing Date

Taxes means all real estate and personal property taxes assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project

Term means the term that the Loan Agreement is in effect pursuant to Section 9.26 of the Loan Agreement

Third Party Fees means the Issuer's Fee, the Trustee's Fee and the Rebate Analyst's Fee

Title Insurance Policy means the mortgagee title insurance policy, in form acceptable to the Bondholder Representative issued with respect to the Project and insuring the lien of the Mortgage

'Transfer' has the meaning set forth in the Mortgage

Trust Estate has the meaning set forth in the Granting Clauses of this Indenture

'Trustee' has the meaning set forth in the recitals to this Indenture

Trustee's Fee means the annual fee of the Trustee in the amount of \$_____, payable by the Borrower pursuant to the Loan Agreement

UCC means the Uniform Commercial Code as in effect in the State

Unassigned Issuer's Rights means the Issuer's rights to reimbursement and payment of its fees, costs and expenses and the Rebate Amount under Section 2.06 of the Loan Agreement

its rights to attorneys' fees under Section 4.13 thereof, its rights to indemnification under Section 4.14 thereof, its rights of access under Section 4.16 thereof, its rights to reimbursement of expenses under Section 9.27 thereof, its rights to receive notices, reports and other statements, and its rights to consent to certain matters, as provided in this Indenture and the Loan Agreement.

'Unauthorized Prepayment' has the meaning set forth in Section 9.02(d).

'Unauthorized Prepayment Factor' shall mean a number determined by dividing (i) the total number of days from and including the date of any Unauthorized Prepayment to but not including, March 1, 2022, by (ii) 365.

'Unauthorized Prepayment Premium' has the meaning set forth in Section 9.02(d).

'Written Certificate', 'Written Certification', 'Written Consent', 'Written Direction', 'Written Notice', 'Written Order', 'Written Registration', 'Written Request', and 'Written Requisition' means a written certificate, direction, notice, order or requisition signed by an Authorized Borrower Representative, an Authorized Issuer Representative or an authorized representative of the Bondholder Representative as applicable and delivered to the Trustee, the Bondholder Representative or such other Person as required under the Bond Documents.

'Yield' has the meaning set forth in Sections 148(h) of the Code and 1.148-1(b) of the Regulations.

Section 1.02 Ownership of Bonds, Effect of Action by Bondholders

(a) The ownership of the Bonds shall be proved by the Bond Register.

(b) Any request, demand, authorization, direction, notice, consent, waiver or other action by Bondholders shall bind every future Bondholder and the Registered Owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bonds.

Section 1.03 Effect of Headings and Table of Contents The Article and Section headings are for convenience only and shall not affect the construction hereof.

Section 1.04 Date of Indenture The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

Section 1.05 Designation of Time for Performance Except as otherwise expressly provided herein, any reference in this Indenture to the time of day means the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under this Indenture.

ARTICLE II

LIMITED LIABILITY

Section 2 01 Source of Payment of Bonds and Other Obligations, Disclaimer of General Liability The Bonds are limited obligations of the Issuer the principal of, premium if any and interest on which are payable solely from the Pledged Revenues or from any other moneys made available to the Issuer for such purpose from the Trust Estate provided, however that under this Indenture the Issuer has reserved to itself, and has not pledged or assigned the Unassigned Issuer s Rights

Section 2 02 Exempt from Individual Liability No recourse shall be had for the payment of the principal of or premium, if any, or interest on, any of the Bonds or for any claim based thereon or upon any obligation, provision covenant or agreement contained in this Indenture against any past present or future director member trustee officer, official employee or agent of the Issuer or any director member, trustee, officer, official, employee or agent 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 director, member trustee officer, official, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of any of the Bonds Neither the officers of the Issuer nor any person executing the Bonds shall be personally liable on the Bonds by reason of the issuance thereof

Section 2 03 Bonds Not an Obligation of the State or Any Political Subdivision NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE BONDS SOLELY FROM THE TRUST ESTATE THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE OWNERS 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 THIS 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 DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE, THE CITY OF AUSTIN, TEXAS, OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE THE BONDS DO NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE CITY OF AUSTIN, TEXAS OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM

**MAKING ANY PAYMENTS WITH RESPECT TO THE BONDS THE ISSUER HAS
NO TAXING POWER**

ARTICLE III

THE BONDS

Section 3 01 Terms

(a) ***Designation*** There is hereby authorized, established and created an issue of Bonds of the Issuer in two series to be known and designated as (i) the Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Series 2007A and (ii) the Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Meadowood Apartments Project) Taxable Series 2007B

(b) ***Principal Amount*** The total principal amount of the Bonds to be issued is the Authorized Amount No Bonds may be issued under the provisions of this Indenture except in accordance with this Article

(c) ***Registered Bonds, Numbering, Authorized Denominations*** The Bonds shall be issuable in Authorized Denominations as specified by the Bondholder Representative Thereafter, the Bonds shall be issuable in any Authorized Denomination required to effect transfers exchanges or redemptions permitted or required by this Indenture The Bonds shall be issuable as registered bonds without coupons Other than the Initial Bond the Series A Bonds shall be numbered consecutively from RA-1 upwards and the Series B Bonds shall be numbered consecutively from RB-1 upwards

(d) ***Dated Date, Maturity*** The Bonds shall be dated the Closing Date and shall mature on the Maturity Date

(e) ***Interest Rate, Accrual or Accretion of Interest***

(i) The Bonds shall bear interest at the Fixed Rate

(ii) Interest on the Bonds shall be computed on the basis of a 360-day year comprised on twelve 30-day months Any determination of the interest on the Bonds by the Bondholder Representative shall be conclusive absent manifest error Interest shall be computed by the Bondholder Representative and provided to the Trustee The Trustee shall not be held liable for any errors in the computation of interest

(iii) Interest on the Bonds shall accrue from the Closing Date provided that interest on any Bond authenticated subsequent to the Closing Date shall accrue from the Interest Payment Date next preceding the date of authentication, unless (A) authenticated prior to the first Interest Payment Date, in which event interest on such Bonds shall accrue from the Closing Date, or (B) authenticated on a Interest Payment Date, in which event interest on such Bonds shall accrue from

the date of authentication. If, as shown by the records of the Trustee, interest on the Bonds is in default, interest on Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange shall accrue from the date to which interest has been paid in full on the Bonds or, if no interest has been paid on the Bonds from the Closing Date. The amount of interest payable on the Bonds on each Interest Payment Date shall be the amount of interest accrued thereon from the preceding Interest Payment Date (or other date as described above) to, but not including the Interest Payment Date on which interest is being paid.

(f) **Interest Payments** Interest shall be due and payable on the Bonds, in arrears, on each applicable Interest Payment Date. Priority of interest payments shall be provided in Section 6.04(c). In any case where any Interest Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if such payment was made on originally scheduled date and no interest shall accrue for the period after such Interest Payment Date through the date payment is actually made.

(g) **Principal Payments** Principal of the Bonds shall be payable as provided herein on the Maturity Date and upon redemption or acceleration thereof.

(h) **Usury** The Issuer intends to conform strictly to the usury laws applicable to this Indenture and the Bonds and all agreements made in the Bonds. This Indenture and the Bond Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to the Bondholders as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Bonds, this Indenture or the Bond Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law and if from any circumstances whatsoever the Bondholders shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied as of the date of receipt by the Bondholders to the reduction of the principal remaining unpaid hereunder and not to the payment of interest or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Bonds, this Indenture and all Bond Documents. In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Issuer intends and agrees that (i) interest shall be computed upon the assumption that payments under the Loan Agreement and other Bond Documents will be paid according to the agreed terms and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Bonds.

(i) **Payment of Bond Obligations** Payments of the Bond Obligations shall be made on the applicable Interest Payment Dates to the Registered Owners of the Bonds.

as provided herein. The Bond Obligations shall be payable in lawful money of the United States of America by check drawn upon the Trustee and mailed by first class mail, postage prepaid, on the Interest Payment Date to the persons in whose names the Bonds are registered in the Bond Register at the close of business on the Record Date except that if a Registered Owner who owns at least \$1,000,000 outstanding principal amount of Bonds so elects, any payment of Bond Obligations due to such Registered Owner shall be made by electronic transfer of federal reserve funds to any account in the United States of America designated by such Registered Owner if such Registered Owner, at its expense, (i) so directs by Written Notice delivered to the Trustee at least ten (10) Business Days before the date upon which such electronic transfer or other arrangement is to be made and (ii) otherwise complies with the reasonable requirements of the Trustee. Notwithstanding anything in this Indenture to the contrary, all Bond Obligations shall be made by electronic transfer of federal reserve funds to the Bondholder Representative at the request thereof if such Bondholder Representative owns 100% of the Bonds without the requirement of surrender under any circumstance.

(j) **No Presentation** No presentation or surrender of Bonds shall be required in connection with any partial redemption of any Bond. The Trustee shall maintain a record of the remaining principal amount of each maturity of Bonds Outstanding and shall upon any transfer or exchange issue the replacement Bond in the principal amount then Outstanding.

Section 3.02 Form of Bonds The Bonds and the certificate of authentication thereof shall be substantially in the respective form set forth in Exhibit A attached hereto as applicable with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. Any portion of the text of any Bond may be set forth on the reverse thereof with an appropriate reference thereto on the face of such Bond. Bonds may be typewritten, printed, engraved, lithographed or otherwise produced.

Section 3.03 Execution, Initial Bond, Authentication

(a) Bonds shall be signed by, or executed with the facsimile or manual signature of the President or Vice President of the Issuer and attested by the facsimile or manual signature of the Secretary or Assistant Secretary of the Issuer. In case any officer of the Issuer whose signature or whose facsimile signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bond may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

(b) The Initial Bond shall be numbered TA 1 and TB 1 respectively registered by the Comptroller of Public Accounts of the State of Texas, shall be payable to Wachovia Bank, National Association as agent, with respect to the Bonds and shall be identical to the form of Bond attached hereto as Exhibit A except that the third 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 Comptroller of Public Accounts of the State of Texas 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 §
THE STATE OF TEXAS § REGISTER NO _____

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 Comptroller of Public Accounts of the State of Texas

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

(c) Except for the Initial Bond, no Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit under this Indenture unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in such Bond duly executed by the Trustee by the manual signature of an authorized signatory thereof, and such certificate of the Trustee upon any Bond executed on behalf of the Issuer 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

Section 3 04 Registration, Transfer and Exchange

(a) The Issuer shall cause the Trustee to keep at the Office of the Trustee the Bond Register in which subject to such reasonable regulations as it may prescribe the Issuer shall provide for the registration of the Bonds and registration of transfers of the Bonds entitled to be registered or transferred as herein provided The Trustee is hereby

appointed Bond Registrar hereunder for the purpose of registering and transferring the Bonds as herein provided

(b) Subject to subsection (e) of this Section, upon the initial issuance of Bonds, upon surrender for transfer of Bonds at the Office of the Trustee and upon presentation of Bonds for exchange for Bonds of other Authorized Denominations, the Issuer shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, new Bonds of Authorized Denominations and of like principal amounts

(c) Any Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly canceled by the Trustee and retained by the Trustee in accordance with its document retention policies

(d) Any Bonds issued upon any transfer or exchange of Bonds shall be the valid obligation of the Issuer and entitled to the same security and benefits under this Indenture as the Bonds surrendered upon such transfer or exchange

(e) Unless the Bonds are rated 'A' (or equivalent and without regard to a modifier) or better by a Rating Agency, the Bonds shall be sold and subsequently transferred only to purchasers that execute and deliver to the Trustee an Investor Letter in substantially the form attached as Exhibit E. Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer

(f) A charge shall be made for any transfer or exchange of the Bonds, and the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the Bonds. Such sums shall be paid in every instance by the transferor or transferee of the Bonds. If any Bondholder fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such Bondholder sufficient to pay any governmental charge required to be paid as a result of such failure and such amount may be deducted by the Trustee from amounts otherwise payable to such Bondholder under this Indenture or under the Bonds

(g) The Trustee shall not be required (i) to transfer or exchange any Bonds during any period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of the Bonds and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Bonds so selected for redemption or (iii) to transfer any Bonds without receipt of a duly executed Investor Letter to the extent required by subsection (e) above

Section 3.05 Mutilated, Destroyed, Lost and Stolen Bonds and Registered Coupons

(a) If (i) any mutilated Bonds are surrendered to the Trustee or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bonds and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee or the Issuer to save the Issuer and the Trustee harmless, then, in the absence of

notice to the Trustee that such Bonds have been acquired by a bona fide purchaser the Issuer shall execute and the Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed lost or stolen Bonds, new Bonds of like series, tenor and principal amount, bearing numbers not contemporaneously Outstanding

(b) Upon the issuance of any new Bonds under this Section the Issuer may require the payment by the Registered Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses connected therewith

(c) Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bonds shall constitute an original additional contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bonds shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed lost or stolen Bonds

Section 3 06 Persons Deemed Owners The Issuer the Trustee and any agent of the Issuer or the Trustee may treat the person in whose name the Bonds are registered as the Owner of the Bonds for the purpose of receiving payment of the Bond Obligations and for all other purposes whatsoever whether or not the Bonds are overdue, and, to the extent permitted by law, neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary

Section 3 07 Cancellation Any Bonds surrendered for payment, redemption, transfer or exchange, shall be promptly canceled and retained by the Trustee in accordance with its document retention policies No Bonds shall be authenticated in lieu of or in exchange for any Bonds canceled as provided in this Section except as expressly provided by this Indenture

Section 3 08 Book-Entry System

(a) The Bonds shall be delivered to the Bond Purchaser and to any subsequent transferee in the form of physical certificated instruments registered in the name of the Bondholder, unless (i) the Bonds are rated 'A' (or equivalent and without regard to a modifier) or better by a Rating Agency or (ii) the Bonds are transferred to a trust custodial or similar securitization arrangement which delivers an Investor Letter Initially the Bonds shall be delivered as physically certificated instruments

(b) Upon receipt by the Trustee of (i) evidence that (A) the Bonds are rated 'A' (or equivalent and without regard to a modifier) or better by a Rating Agency or (B) the Bonds are transferred to a trust, custodial or similar securitization arrangement which delivers an Investor Letter and (ii) the Written Consent of the Bondholder Representative the Bonds may be issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of Bond certificates to be made except as provided in this Section 3 08(b) So long as a Book-Entry System is in effect for the Bonds, one Bond for each series in the aggregate principal amount of each maturity of such Bonds will be issued and deposited with the Securities Depository to be

held in its custody. Such Bonds shall be registered in the name of the Securities Depository Nominee. The Book Entry System will be maintained by the Securities Depository and the Participants and Indirect Participants and will evidence beneficial ownership of the Bonds in Authorized Denominations, with transfers of ownership effected on the records of the Securities Depository, the Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the Participants and the Indirect Participants. The principal or purchase price of and any premium on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Bond Register maintained by the Trustee as the registered Bondholder or his registered assigns or legal representatives. So long as the Book Entry System is in effect, the Securities Depository will be recognized as the sole Bondholder for all purposes. Transfers or exchanges, payments of principal, purchase price, interest and any premium and notices to Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfers or exchanges, payments of principal, purchase price, interest and any premium and notices to Beneficial Owners will be the responsibility of the Participants and the Indirect Participants. No other party (including the Trustee) will be responsible or liable for such transfers or exchanges, payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the Participants or the Indirect Participants. While the Book Entry System is in effect, notwithstanding any other provisions set forth herein, payments of principal or purchase price of redemption premium, if any, and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by electronic transfer in immediately available funds to the account of such entity.

(c) The Issuer, subject to the applicable rules of the Securities Depository, may at any time elect (i) to provide for the replacement of any Securities Depository as the depository for the Bonds with another qualified Securities Depository, or (ii) to discontinue the maintenance of the Bonds under a Book-Entry System. Upon written notice of such election from the Issuer, the Trustee shall give 30 days prior notice of such election to the Securities Depository (or such fewer number of days as shall be acceptable to such Securities Depository and the Trustee).

(d) Upon the discontinuance of the maintenance of the Bonds under a Book Entry System, the Issuer will cause Bonds to be issued directly to the Beneficial Owners of such Bonds or their designees as further described below. In such event, the Trustee shall make provisions to notify the Participants and the Beneficial Owners by mailing an appropriate notice to the Securities Depository or by other means deemed appropriate by the Trustee, that Bonds will be directly issued to the Beneficial Owners thereof as of a date set forth in such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository and the Trustee). Upon such event, the Issuer, at the expense of the Borrower, or if requested by the Bondholder Representative, at its expense, shall promptly have prepared Bonds in certificated form registered in the names of the Beneficial Owners thereof shown on the records of the Participants provided to the Trustee, as of the date set forth in the notice described above. Bonds issued to the Beneficial Owners, or their designees, shall be in fully registered form substantially in the

form set forth in Exhibit A. In such event, this Indenture may be amended as the parties deem necessary pursuant to Section 11.01(f) in order to reflect the use of certificated Bonds.

(c) If any Securities Depository is replaced as the depository for the Bonds with another qualified Securities Depository, the Issuer, at the expense of the Borrower, will issue Bonds to the replacement Securities Depository Bonds substantially in the form set forth in Exhibit A, registered in the name of such replacement Securities Depository.

(f) The Issuer, the Borrower and the Trustee shall have no liability for the failure of any Securities Depository to perform its obligation to any Participant, any Indirect Participant or any Beneficial Owner of any Bonds or Registered Coupon, and none of them shall be liable for the failure of any Participant, Indirect Participant or other nominee of any Beneficial Owner of any Bonds to perform any obligation that such Participant, Indirect Participant or other nominee may incur to any Beneficial Owner.

(g) The terms and provisions of a letter of representations between the Issuer and the Securities Depository are incorporated herein by reference and, in the event there shall exist any inconsistency between the substantive provisions of the Letter of Representations and any provisions of this Indenture, then, for as long as the initial Securities Depository shall serve with respect to the Bonds, the terms of the Letter of Representations shall govern.

(h) The Issuer, the Borrower and the Trustee may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Participants in the Book Entry System, (ii) a certificate of any Participant as to the identity of any Indirect Participant and (iii) a certificate of any Participant or Indirect Participant as to the identity of and the respective principal amount of Bonds beneficially owned by, the Beneficial Owners.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01 Optional Redemption

(a) The Bonds may be redeemed in whole but not in part, on any Business Day on or after March 1, 2022, upon optional prepayment of the Notes by the Borrower pursuant to Section 2.10 of the Loan Agreement. The Bonds may be redeemed pursuant to this Section 4.01 upon notice to the Bondholders given by the Trustee in accordance with Section 4.09, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption, but without premium. No such optional redemption of Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount that will be sufficient to pay the Redemption Price of the Bonds not less than one Business Day prior to the date that the Bonds are to be redeemed.

(b) The Borrower may exercise such option by giving Written Notice to the Issuer and the Trustee (together with the Written Consent of the Bondholder

Representative) of its election to prepay the Notes not less than 20 days prior to the proposed redemption date provided, however if at the time of such exercise, the Bonds are held in a Book-Entry System, the Borrower shall give such notice as is required by the Securities Depository then holding the Bonds Any such notice shall specify the date fixed for optional redemption and contain a certification of the Borrower to the effect that all conditions precedent to such optional redemption have been (or will be, as of the optional redemption date) satisfied

Section 4 02 Redemption from Amounts Transferred from Project Fund The Series A Bonds shall be redeemed in whole or in part in the event and to the extent amounts remaining in the Project Fund are transferred to the Bond Fund pursuant to Section 6 07(d), on the first Interest Payment Date for which notice of redemption can be given in accordance with Section 4 09, at a redemption price equal to the principal amount of the Series A Bonds to be redeemed plus accrued interest to the date of redemption, but without premium

Section 4 03 Mandatory Redemption The Bonds shall be redeemed in whole or in part at the Written Direction of the Bondholder Representative, upon prepayment of the Notes by the Borrower as required by Section 2 11 of the Loan Agreement, on the earliest Business Day for which notice can be given in accordance with Section 4 09 at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption but without premium upon the occurrence of any event or condition described below

(a) in whole, if the Project has been damaged or destroyed to the extent that it is not practicable or feasible to rebuild repair or restore the damaged or destroyed property within the period and under the conditions described in the Mortgage following such event of damage or destruction or

(b) in whole if title to, or the use of all or a substantial portion of the Project has been taken under the exercise of the power of eminent domain by any governmental authority with the result that the Borrower is thereby prevented from carrying on its normal operation of the Project within the period and under the conditions described in the Mortgage,

(c) in whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to the Project are not applied to restoration of the Project in accordance with the provisions of the Mortgage, or

(d) in whole on any Business Day on or after March 1, 2022 if the Bondholder Representative provides not less than 30 days' prior written notice to the Trustee and the Borrower that the Owners of all of the Bonds have elected to require the mandatory redemption of the Bonds

Section 4 04 Redemption for Loan Agreement Default The Bonds shall be redeemed in whole or in part upon the acceleration of the Notes pursuant to Section 7 02 of the Loan Agreement and upon Written Direction of the Bondholder Representative, to the Trustee in the event of the occurrence of a Loan Agreement Default and the expiration of the applicable grace period or notice and cure period, if any, specified therein, on the earliest Business Day for

which notice can be given as required by Section 4 09, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption, plus a premium if such Loan Agreement Default and redemption shall occur prior to March 1, 2022, calculated in the manner set forth in Section 9 02(d)

Section 4 05 [Reserved]

Section 4 06 Mandatory Sinking Fund Redemption The Bonds are subject to redemption on each Interest Payment Date in an amount equal to the amount set forth in the Mandatory Sinking Fund Schedule at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption but without premium

Section 4 07 Purchase in Lieu of Redemption With the Written Consent of the Bondholder Representative the Borrower shall have the option to cause the Bonds to be purchased in lieu of redemption pursuant to Section 4 01 The Bondholder Representative shall have the option to cause the Bonds to be purchased in lieu of redemption pursuant to Sections 4 03 and 4 04 Such options may be exercised by delivery to the Trustee on or prior to the Business Day preceding the redemption date of a Written Notice of the Borrower or the Bondholder Representative, as applicable, specifying that the Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section Upon delivery of such notice the Bonds shall not be redeemed but shall instead be subject to mandatory tender at the Purchase Price on the date that would have been the redemption date provided that payment of such Purchase Price shall be made only in Eligible Funds Bonds purchased pursuant to this Section shall bear interest at the Fixed Rate

Section 4 08 Mandatory Redemption for Tax Events The Bonds of a Bondholder shall be subject to mandatory redemption, and shall be redeemed prior to maturity upon a Determination of Taxability if such Bondholder presents his Bond or Bonds for redemption on any date selected by such Bondholder, specified in a notice in writing delivered to the Borrower Trustee and the Issuer at least thirty (30) days prior to such date at the redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption but without premium

Section 4 09 Notice of Redemption Not less than 15 days nor more than 30 days before the redemption date of any Bonds to be redeemed, the Trustee shall cause a notice of any such redemption to be mailed by first class mail (but by registered mail to the Bondholder Representative), postage prepaid to the Registered Owners of the Bonds (with a copy to the Borrower and the Issuer), provided that no prior notice of redemption shall be required in the case of a redemption pursuant to Section 4 06 Such notice shall also be given by registered certified or overnight mail, or by facsimile transmission promptly confirmed in writing, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds The redemption notice shall identify the Bonds or portions thereof to be redeemed and shall state

- (a) the date of such notice and the redemption date,

- (b) the Redemption Price,
- (c) the original date of execution and delivery of the Bonds to be redeemed
- (d) the interest borne by the Bonds to be redeemed,
- (e) the date of maturity of the Bonds,
- (f) the numbers and CUSIP numbers of the Bonds to be redeemed
- (g) that, unless the Bonds are then held in a Book Entry System the Redemption Price of any Bond is payable only upon the surrender of the Bond to the Trustee and the address at which the Bonds must be surrendered, and
- (h) that interest on the Bonds called for redemption ceases to accrue on the redemption date, provided that, subject to the last paragraph of Section 4 09 on such redemption date Eligible Funds are on deposit in the Bond Fund sufficient to pay the Redemption Price of the Bonds in full

Any notice mailed pursuant to this Section may state that the scheduled redemption is conditional to the extent that Eligible Funds are not held by the Trustee on the redemption date in which case all Bonds shall be returned to the Holders thereof and remain Outstanding under the terms and conditions of this Indenture

Section 4 10 Deposit of Redemption Price or Purchase Price Except as provided in Section 4 01, on or prior to any redemption date or date of purchase in lieu of redemption, and as a condition to such redemption or purchase the Borrower shall only to the extent of amounts due under the Notes and the Loan Agreement, deposit or cause there to be deposited with the Trustee or applied in accordance with this Indenture, Eligible Funds in an amount sufficient to pay the Redemption Price or Purchase Price as the case may be of all of the Bonds to be redeemed or purchased on that date Such money shall be held in trust for the benefit of the Persons entitled to such Redemption Price or Purchase Price and shall not be deemed to be part of the Trust Estate

Section 4 11 Bonds Payable on Redemption Date Notice of redemption having been given as aforesaid, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date at the Redemption Price and, from and after such date (unless the Borrower shall default in the payment of the Redemption Price with Eligible Funds), such Bonds or portions thereof shall cease to bear interest from and after the redemption date whether or not such Bonds are presented and surrendered for payment on such date If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof on the redemption date, such Bond or portion thereof shall continue to bear interest at the rate or rates provided for thereon until paid and the Registered Owners thereof shall have all of the rights and be subject to the limitations set forth in Article IX Upon surrender of the Bonds for redemption in accordance with said notice, the Bonds shall be paid by the Trustee on behalf of the Issuer at the Redemption Price to the extent of Eligible Funds held by the Trustee on such redemption date Installments of interest due on or prior to the redemption date shall be payable

to the Registered Owners as of the relevant Record Dates, without surrender thereof according to the terms of the Bonds and the provisions of this Indenture

Section 4 12 Partial Redemption, Selection of Bonds Redemption of Bonds in part pursuant to Section 4 02, Section 4 03 or Section 4 04 shall be made on a Proportionate Basis from all maturities of Bonds All Bonds shall be selected within a maturity randomly by the Trustee If a Bond subject to redemption pursuant to this Article IV is in a denomination larger than an Authorized Denomination all or a portion of such Bond may be redeemed but only in a principal amount such that the remaining principal amount of the Bond not so redeemed shall be an Authorized Denomination, unless the aggregate principal amount of Bonds Outstanding is an amount less than the minimum Authorized Denomination permitted hereunder Upon surrender of any Bond for redemption in part the Issuer shall execute and the Trustee shall authenticate and deliver to the Registered Owner at the expense of the Borrower, a new Bond or Bonds, in Authorized Denominations, equal to the unredeemed portion of the Bond so surrendered

ARTICLE V

DELIVERY OF BONDS, APPLICATION OF BOND PROCEEDS

Section 5 01 Conditions Precedent to the Delivery of Bonds Upon the execution and delivery hereof the Issuer shall execute the Initial Bond submit it to the Attorney General for approval and register it with the Comptroller Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and shall authenticate the definitive Bonds and deliver them to the Bond Purchaser as shall be directed by the Issuer as hereinafter provided in this Section

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

- (a) The original executed Notes and executed counterparts of the other Bond Documents,
- (b) A certified copy of the Resolution,
- (c) Evidence of the payment of the purchase price of the Bonds and deposit of the Borrower funds required by Section 5 02(b) hereof,
- (d) An opinion of Bond Counsel substantially to the effect that the Bonds constitute legal, valid and binding limited obligations of the Issuer and that under existing statutes regulations, published rulings and judicial decisions, the interest on the Series A Bonds is not includable in gross income for federal income tax purposes
- (e) A certificate of the appropriate official of the Issuer attesting to the incumbency of the directors, officers or members of the Issuer and to such other matters as Bond Counsel or the Bond Purchaser may require,
- (f) Internal Revenue Service Form 8038 completed by the Borrower and executed by the Issuer with respect to the Series A Bonds

(g) An opinion of Counsel for the Borrower to the effect that the Loan Documents have been duly authorized executed and delivered by the Borrower and are valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms subject to customary qualifications and exceptions

(h) A request and authorization to the Trustee by the Issuer signed by an Authorized Representative of the Issuer to authenticate and deliver the Bonds in such specified denominations as permitted herein to the Bond Purchaser upon payment to the Trustee but for the account of the Issuer, of a specified sum of money,

(i) The commitment to issue title insurance as approved by the Bondholder Representative, as evidenced by the initial Bondholder Representative's acceptance of delivery of the Bonds with the mortgagee's title policy to follow as soon as thereafter possible

(j) An executed counterpart of the investor's letter executed by the Bond Purchaser and addressed to the Trustee and the Issuer in the form set forth in Exhibit E

(k) Opinions of the Attorney General of the State of Texas approving the Bonds

(l) The certificate of registration for the Bonds from the Comptroller, and

(m) Any other certificates documents or opinions which the Trustee the Issuer, the Bondholder Representative or Bond Counsel may reasonably require

Section 5.02 Application of Bond Proceeds and Other Funds On the Closing Date the Trustee shall deposit the proceeds derived from sale of the Bonds and amounts received from the Borrower as follows

(a) The Trustee shall deposit the proceeds from the sale of the Series A Bonds (in the amount of \$9,375,000) as follows

(i) \$_____ to the Bond Fund

(ii) \$_____ to the Project Fund, and

(iii) \$_____ to the Costs of Issuance Fund

(b) The Trustee shall deposit the proceeds from the sale of the Series B Bonds (in the amount of \$325,000) as follows

(i) \$_____ to the Bond Fund,

(ii) \$_____ to the Project Fund, and

(iii) \$_____ to the Costs of Issuance Fund

ARTICLE VI

PLEDGE, FUNDS

Section 6 01 Pledge of Revenues and Assets 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 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 or recording 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 6 02 Establishment of Funds There are established with the Trustee the following trust funds:

- (a) the Bond Fund,
- (b) the Project Fund
- (c) the Rebate Fund
- (d) the Costs of Issuance Fund and
- (e) the Replacement Reserve Fund

All money required to be deposited with or paid to the Trustee for the account of any of the funds created by this Indenture shall be held by the Trustee in trust for the benefit of the Bondholders, and except for (i) money held in the Rebate Fund and (ii) money deposited with or paid to the Trustee for the redemption of Bonds notice of the redemption of which has been duly given shall while held by the Trustee constitute part of the Trust Estate and be subject to the lien of this Indenture.

Section 6 03 Application of Pledged Revenues

(a) All money received by the Trustee from the Borrower pursuant to Section 2 05 of the Loan Agreement and all other Pledged Revenues (except as provided in subsection (b)) whenever received, shall be deposited by the Trustee into the Bond Fund.

(b) All money received by the Trustee from the Borrower pursuant to Section 2 06(a) of the Loan Agreement shall be transferred when received by the Trustee as follows:

(i) to the Rebate Fund, an amount equal to the Rebate Amount, if any, then required to be deposited therein pursuant to Section 2 06(a)(i) of the Loan Agreement

(ii) to the Costs of Issuance Fund, if such moneys are needed to pay any costs or expenses pursuant to Section 2 06(a)(ii) of the Loan Agreement, and

(iii) to the Bond Fund, any late charges due and payable under the Notes and the Loan Agreement pursuant to Section 2 06(a)(iii) of the Loan Agreement

Section 6 04 Bond Fund

(a) The Issuer and the Borrower shall have no interest in the Bond Fund or the moneys therein which shall always be maintained by the Trustee completely separate and segregated from all other moneys held hereunder and from any other moneys of the Issuer and the Borrower

(b) The Trustee shall deposit into the Bond Fund the amounts required by Sections 5 02 and 6 03, together with any other amounts received by the Trustee that are subject to the lien and pledge of this Indenture including any Pledged Revenues that not otherwise specifically directed in writing to be deposited into other funds created by this Indenture

(c) On each Interest Payment Date the Trustee shall apply all amounts on deposit in the Bond Fund in the following order of priority

First to pay or provide for the payment of the interest due on the Bonds,

Second, to pay or provide for the payment of principal due on the Bonds, including payment of mandatory sinking fund redemption of Bonds pursuant to Section 4 06

Third to the Replacement Reserve Fund, an amount equal to the Replacement Reserve Fund Requirement and

Fourth, to pay or provide for the payment of the redemption of Bonds pursuant to Sections 4 01, 4 02, 4 03 4 04, 4 05 or 4 08 provided moneys have been transferred or deposited into the Bond Fund for such purpose

Section 6 05 [Reserved]

Section 6 06 Costs of Issuance Fund Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee only to pay Costs of Issuance upon receipt of a written closing memorandum provided to the Trustee by the Borrower, as approved by the Bondholder Representative on the Closing Date and thereafter, upon receipt of a Written Requisition of the Borrower, as approved by the Bondholder Representative, which Written Requisition shall state the amount to be paid, the payee and the purpose for such payment Upon the receipt of Written

Direction from the Borrower or the date that is 90 days following the date of initial execution and delivery of this Indenture, whichever date is earlier the Trustee shall remit to or at the Written Direction of the Borrower, as approved by the Bondholder Representative, all amounts remaining in the Costs of Issuance Fund

Section 6 07 Project Fund

(a) The Trustee shall use moneys in the Project Fund for the Qualified Project Costs of the acquisition, rehabilitation and equipping of the Project to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein. Before any payment shall be made from the Project Fund the Regulatory Agreement and the Mortgage shall have been recorded in the official records of Travis County, Texas (confirmed in writing by the title company responsible for such recording), and there shall be filed with the Trustee a Written Requisition of the Borrower substantially in the form attached as Exhibit D and approved by the Bondholder Representative for each such payment (upon which the Trustee may conclusively rely). Amounts on deposit in the Project Fund shall be disbursed from time to time by the Trustee for the sole purpose of paying Qualified Project Costs and other costs that are the subject of a Written Requisition and approved in writing by the Bondholder Representative as provided in the preceding sentence. The Bondholder Representative's approval of a Written Requisition does not constitute a determination by the Bondholder Representative that the amounts requested for disbursement are Qualified Project Costs nor does the Bondholder Representative have any duty or responsibility to make these determinations.

Notwithstanding the foregoing, only the signature of an authorized officer of the Bondholder Representative shall be required on a Written Requisition during any period in which an Event of Default has occurred and is then continuing under the Loan Documents (notice of which Event of Default has been given in writing by the Bondholder Representative to the Trustee and the Issuer and the Trustee shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such Event of Default).

(b) Within five Business Days of receipt of each Written Requisition the Trustee shall make payment from the Project Fund in accordance with such Written Requisition countersigned by the Bondholder Representative. The Trustee shall have no duty to determine whether any requested disbursement from the Project Fund complies with the terms, conditions and provisions of the Bond Documents, constitutes Qualified Project Costs. The Written Requisition from the Borrower shall, insofar as the Trustee and the Issuer are concerned, constitute conclusive evidence that such costs constitute Qualified Project Costs or other permitted Project costs. The Trustee shall, promptly upon each receipt of a completed Written Requisition of the Borrower countersigned by the Bondholder Representative, initiate procedures to make such amounts available to fund the Written Request, including but not limited to, initiating procedures with the provider of the Investment Agreement, if any, to make withdrawals under such Investment Agreement as necessary to fund the Written Requisition.

The Trustee shall promptly notify the Borrower and the Bondholder Representative if there are not sufficient funds available to make the transfers as and when required by this subsection (b). Except as provided, in the next sentence, all such payments shall be made by check or draft payable or by electronic transfer either (i) directly to the person, firm or corporation to be paid or (ii) upon the Bondholder Representative's receipt of evidence that the Borrower has previously paid such amount and Written Direction to the Trustee as to such, to the Borrower. Upon the occurrence of an Event of Default of the Borrower of which the Trustee has knowledge as provided herein which is continuing under the Bond Documents with the Written Consent of the Bondholder Representative, the Trustee may apply amounts on deposit in the Project Fund to the payment of principal of and interest on the Bonds. If a Written Requisition signed by the Authorized Borrower Representative and countersigned by the Bondholder Representative is received by the Trustee the requested disbursement shall be paid by the Trustee as soon as practicable, but in no event later than five Business Days following receipt thereof by the Trustee. Upon final disbursement of all amounts on deposit in the Project Fund the Trustee shall close the Project Fund.

(c) Immediately prior to any mandatory redemption of Bonds pursuant to Section 4.03 or 4.04, any amounts then remaining in the Project Fund shall, at the Written Direction of the Bondholder Representative be transferred to the Bond Fund to be applied to the redemption of Bonds pursuant to Section 4.03 or 4.04.

(d) When the Project has been completed the Trustee shall transfer (i) the balance of any moneys remaining in the Project Fund in excess of the amount to be reserved for payment of unpaid Qualified Project Costs to the Bond Fund and apply such funds to the redemption of Series A Bonds in accordance with Section 4.02 and (ii) the balance of any moneys remaining to the Borrower.

(e) Amounts on deposit in the Project Fund shall be invested as provided in Section 7.01. All investment income earned on amounts on deposit in the Project Fund shall be retained in and credited to and become a part of the amounts on deposit in the Project Fund.

Section 6.08 Rebate Fund

(a) A special Rebate Fund is hereby established by the Borrower. Such 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 bondholders. The Rebate Fund is established for the purpose of complying with section 148 of the Code and the Regulations promulgated pursuant thereto.

(b) At the close of the fifth 'Bond Year' the Borrower shall cause the Rebate Analyst to compute the amount of 'Excess Earnings, if any' for the period beginning on the date of delivery of the Series A Bonds and ending at the close of such 'Bond Year' and transfer an amount equal to the difference, if any, between the amount then in the Rebate Fund and the Excess Earnings so computed. The term 'Bond Year' means with respect to the Series A Bonds each five year period ending on the anniversary of the date of delivery of the Series A Bonds. If,

at the close of any Bond Year, the amount in the Rebate Fund exceeds the amount that would be required to be paid to the United States of America under paragraph (D) below if the Series A Bonds had been paid in full, such excess may be transferred from the special Rebate Fund and paid to the Borrower to be used for such purposes for which, or to be redeposited to such fund from which such amounts were originally derived

(c) In general, Excess Earnings for any period of time means the sum of

(i) the excess of –

(A) the aggregate amount earned during such period of time on all Nonpurpose Investments within the meaning of section 148-1(b) of the Regulations (including gains on the disposition of such obligations) in which Gross Proceeds of the issue are invested (other than amounts attributable to an excess described in this subparagraph (c)(i)) over

(B) the amount that would have been earned during such period of time if the Yield on such Nonpurpose Investments (other than amounts attributable to an excess described in this subparagraph (c)(i)) had been equal to the yield on the issue, plus

(ii) any income during such period of time attributable to the excess described in subparagraph (c)(i) above

(d) The Trustee shall pay to the United States of America at least once every five years an amount that ensures that at least 90 percent of the Excess Earnings from the date of delivery of the Series A Bonds to the close of the period for which the payment is being made will have been paid. The Trustee shall pay to the United States of America not later than 60 days after the Series A Bonds have been paid in full 100 percent of the amount then required to be paid under section 148(f) of the Code as a result of Excess Earnings

(e) The amounts to be computed, paid, deposited or disbursed under this section shall be determined by the Rebate Analyst acting on behalf of the Borrower within ten days after each successive anniversary date of the date of issuance of the Series A Bonds. By such date, the Rebate Analyst shall also notify, in writing, the Trustee and the Borrower of the determinations the Borrower has made and the payment to be made pursuant to the provisions of this section. Upon written request of any registered owner of Series A Bonds, the Borrower shall furnish to such registered owner of Series A Bonds a certificate (supported by reasonable documentation, which may include calculation by Bond Counsel or by some other service organization) showing compliance with this section and other applicable provisions of section 148 of the Code

(f) The Trustee shall maintain a record of the periodic determinations by the Borrower or Rebate Analyst of the tentative Rebate Amount for a period beginning on the first anniversary date of the issuance of the Series A Bonds and ending on the date three years after the final retirement of the Series A Bonds. Such records shall state each such anniversary date and summarize the manner in which the tentative Rebate Amount, if any, was determined. This

provision shall not be applicable if all Gross Proceeds of the Series A Bonds are expended within 180 days of the date of the delivery of the Series A Bonds

(g) If the Trustee shall declare the principal of the Series A Bonds and the interest accrued thereon immediately due and payable as the result of an Event of Default specified in the Indenture or if the Series A Bonds are optionally or mandatorily prepaid or redeemed prior to maturity as a whole in accordance with their terms any amount remaining in the Project Fund and Bond Fund shall be transferred to the special Rebate Fund to the extent that the amount therein is less than the tentative Rebate Amount computed by the Rebate Analyst as of the date of such acceleration or redemption and the balance of such amount shall be used immediately by the Trustee for the purpose of paying principal of and interest on the Series A Bonds when due. In furtherance of such intention the Issuer hereby authorizes and directs the Authorized Issuer Representative, to execute any documents certificates or reports required by the Code and to make such elections, on behalf of the Issuer which may be permitted by the Code as are consistent with the purpose for the issuance of the Series A Bonds

Section 6 09 Replacement Reserve Fund

(a) The Trustee shall deposit into the Replacement Reserve Fund all Replacement Reserve Fund Deposits made by the Borrower in amounts equal to the Replacement Reserve Fund Requirement. Investment income earned on amounts on deposit in the Replacement Reserve Fund shall be retained in the Replacement Reserve Fund and disbursed in accordance with the provisions of the Replacement Reserve Agreement.

(b) The Trustee shall pay apply or transfer amounts on deposit in the Replacement Reserve Fund in accordance with the provisions of the Replacement Reserve Agreement.

Section 6 10 Disposition of Balance in Funds After the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Bond Purchaser shall have ceased terminated and become void and shall have been satisfied and discharged in accordance with this Indenture and all fees, expenses and other amounts payable to the Trustee or the Issuer pursuant to any provision hereof or in the Loan Agreement shall have been paid in full, seventy five percent (75%) of any money remaining in the Funds and Accounts, other than the Rebate Fund hereunder shall be paid or transferred to the Borrower upon its written request and twenty-five percent (25%) up to a maximum of \$250 000 (with the excess going to the Borrower) of any revenues in the Funds and Accounts, other than the Rebate Fund hereunder shall be paid or transferred to the Issuer provided that amounts on deposit in the Rebate Fund shall be retained therein to the extent required herein. Provided further, that any transfer of moneys pursuant to this Section 6 10 shall be subject to an opinion of Bond Counsel to the effect that such transfer will not adversely effect the tax exempt status of the Series A Bonds.

Section 6 11 Application of Funds and Accounts upon Event of Default Upon the occurrence of an Event of Default and acceleration of the Bonds pursuant to Section 9 02 the Trustee, unless otherwise directed in a Written Direction from the Bondholder Representative,

shall apply all moneys in the funds and accounts established under this Indenture pursuant to Section 9 04

Section 6 12 Non-Presentation of Bonds If any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise if money sufficient to pay such Bonds shall have been made available to the Trustee for the benefit of the Registered Owners thereof and shall have remained unclaimed for two (2) years after the date on which such principal became due, upon Written Direction from the Bondholder Representative, shall release such funds to the Bondholder Representative, and all liability of the Issuer and the Trustee to the Holders for the payment of such Bonds shall forthwith cease determine and be completely discharged, provided, however, that the Trustee, before being required to dispose of such funds as stated above shall cause to be published once in a financial newspaper or journal of general circulation in New York, New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the Bondholder Representative The Bondholder Representative shall pay the cost of such publication The obligation of the Trustee under this Section is to dispose of any such funds pursuant to the laws of the State The Trustee is not liable for interest on any funds held under this Section

Section 6 13 Repayment from Funds and Accounts Notwithstanding the Person or Persons that are the Registered Owners of the Bonds nor the Person or Persons acting as Bondholder Representative, any moneys remaining in any fund or account created under this Indenture after payment or provision for payment in full of all Bond Obligations, all fees, charges and expenses of the Issuer, the Trustee and the Rebate Analyst the payment of all parties to whom moneys are owed pursuant to Section 6 03 and all other amounts required to be paid hereunder or under the Bond Documents shall be paid to Borrower

Section 6 14 Additional Funds The Trustee is hereby authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation insurance proceeds and/or condemnation awards) received by the Trustee pursuant to the terms hereof or any of the other Bond Documents

ARTICLE VII

INVESTMENT OF FUNDS

Section 7 01 Investment of Funds

(a) Any money held as part of the funds and accounts created under this Indenture shall be invested or reinvested by the Trustee solely in Permitted Investments pursuant to Written Direction from the Borrower, and consented to in writing by the Bondholder Representative All such Permitted Investments shall mature or be subject to withdrawal or redemption without discount or penalty prior to the next Interest Payment Date In addition, following receipt by a Responsible Officer of Written Notice of an Event of Default of the Borrower or a Loan Agreement Default, the Trustee shall invest

and reinvest the money it holds as part of the funds and accounts at the Written Direction of the Bondholder Representative. Except as described below, any investment made with money on deposit in a fund or account shall be held by or under control of the Trustee and shall be deemed at all times a part of the Fund or Account where such money was on deposit, and the interest and profits realized from such investment shall be credited to such fund or account and any loss resulting from such investment shall be charged to such fund or account. In the absence of the receipt of any investment instructions as provided herein, the Trustee is authorized to invest all money under its control in investments described in clause (g) of the definition of Permitted Investments. Further, in the absence of written directions from the Borrower and except for funds required to be invested at a restricted yield pursuant to Section 148 of the Code, the Trustee is expressly authorized to implement its automated cash investment system, to assure that cash on hand is invested, and to charge its normal cash investment fees, which may be deducted from income earned on investments, provided that such fees are separately stated and accounted for. Notwithstanding the foregoing, amounts in the Project Fund shall be invested in the Investment Agreement, if any.

(b) The Trustee may make any investment through its own bond department, investment department or other commercial banking department or Affiliate of the Trustee providing investment services. The Trustee, any such department or the Trustee's Affiliates may receive reasonable and customary compensation in connection with any investment made under this Indenture.

(c) The Trustee shall have no liability or responsibility for any depreciation of the value of any investment made in accordance with the provisions of this Section or for any loss resulting from such investment or redemption, sale or maturity thereof.

(d) Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Borrower or the Bondholder Representative, as the case may be, shall be deemed written confirmation by said party that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by said party unless said party notifies the Trustee in writing to the contrary within 30 days of the date of receipt of such statement.

(e) The Issuer (and the Borrower by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Office of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish to the Issuer, the Bondholder Representative and the Borrower periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

(f) Except as otherwise provided in subsection (g), the Issuer and the Borrower covenant that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Series A Bonds (within the meaning of Section 148 of the Code) shall be acquired

disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value (as defined herein and in the Tax Certificate)

(g) The Issuer (and the Borrower by its execution of the Loan Agreement) covenants that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in any reserve fund shall be valued at their present value (within the meaning of Section 148 of the Code)

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8 01 Representations by the Issuer The Issuer represents and warrants to the Trustee and the Owners of the Bonds that

(a) The Issuer is a public nonprofit housing finance corporation duly organized and existing under the laws of the State

(b) Under the provisions of the Act, the Issuer has power and lawful authority (i) to adopt the Resolution, (ii) to execute and deliver the Bond Documents to which it is a party, (iii) to issue the Bonds and receive the Bond proceeds, (iv) to apply the Bond proceeds to make the Loan (v) to assign the revenues derived and to be derived by the Issuer from the Loan to the Trustee and (vi) to perform and observe the provisions of the Bond Documents and the Bonds on its part to be performed and observed

(c) The Issuer has duly authorized the execution and delivery of the Bond Documents to which it is a party and the issuance, execution, sale and delivery of the Bonds, and the performance of the obligations of the Issuer thereunder

(d) There is no litigation pending or to the knowledge of the Issuer threatened in any court, either state or federal, calling into question (i) the creation, organization or existence of the Issuer (ii) the validity of the Bond Documents to which it is a party or the Bonds, (iii) the authority of the Issuer to adopt make or perform as the case may be, this Indenture or the Bond Documents to which it is a party or to issue, execute and deliver the Bonds or (iv) the exclusion from gross income of interest on the Series A Bonds for purposes of federal income taxation

(e) None of the adoption of the Resolution the execution and delivery of the Bond Documents to which it is a party, the issuance execution sale and delivery of the Bonds or the performance by the Issuer of its obligations under the Bond Documents or the Bonds will violate any provision of law (including the Act) or regulation, or any decree, writ, order or injunction by which the Issuer is bound or conflict with the provisions of the organizational documents of the Issuer, or contravene the provisions of or constitute a default under any agreement indenture resolution or other instrument to which the Issuer is a party or by which the Issuer is bound

(f) All actions on the part of the Issuer necessary for the execution and delivery of the Bond Documents to which it is a party, the issuance execution sale and delivery of the Bonds and the performance by the Issuer of its obligations thereunder have been duly and effectively taken No consent, authorization or approval of, or filing or registration with any governmental or regulatory body is required on the part of the Issuer for the execution and delivery of the Bond Documents to which it is a party that will not be completed prior to the delivery of the Bonds, the issuance, execution, sale and delivery of the Bonds, or the performance by the Issuer of its obligations under the Bond Documents or the Bonds except the aforesaid action on the part of the Issuer which has been duly and effectively taken

(g) All requirements and conditions specified in the Act the organizational documents of the Issuer the Resolution and all other applicable laws and regulations to the adoption of the Resolution the making of the Loan the execution and delivery of the Bond Documents to which it is a party and the issuance execution, sale and delivery of the Bonds have been fulfilled

(h) The issuance of the Bonds will further the public purposes of the Act

(i) 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

Section 8 02 No Encumbrance on Trust Estate The Issuer will not knowingly create or knowingly permit the creation of any mortgage pledge, lien, charge or encumbrance of any kind on the Trust Estate or any part thereof prior to or on parity with the lien of this Indenture, except as expressly permitted or contemplated by the Bond Documents The Issuer will do execute, acknowledge when appropriate and deliver from time to time at the reasonable request of the Owners of the Bonds or the Trustee and at the expense of the Borrower after payment of such expenses, such further acts, instruments financing statements and other documents as are necessary or desirable and within the legal power of the Issuer, to better assure, transfer pledge or assign to the Trustee and grant a security interest unto the Trustee in and to the Trust Estate *and the other properties and revenues herein described and otherwise to carry out the intent and purpose of the Bond Documents and the Bonds*

Section 8 03 Payment of Bond Obligations Subject to the provisions of Article II of this Indenture, the Issuer will duly and punctually pay, or cause to be paid, the Bond Obligations as and when the same shall become due and will duly and punctually deposit or cause to be deposited, in the funds and accounts created under this Indenture the amounts required to be deposited therein, all in accordance with the terms of the Bonds and this Indenture

Section 8 04 Loan Agreement Performance

(a) The Trustee on behalf of the Issuer may (but shall not be required or obligated) perform and observe any such agreement or covenant of the Issuer under the Loan Agreement, all to the end that the Issuer's rights under the Loan Agreement may be unimpaired and free from default

(b) The Issuer will promptly notify the Trustee, the Borrower and the Bondholder Representative in writing of the occurrence of any Loan Agreement Default or the occurrence of any Default under the Loan Agreement provided that the Issuer has written notice or otherwise has actual knowledge of such event

Section 8 05 Maintenance of Records, Inspection of Records

(a) The Trustee shall keep and maintain adequate records pertaining to the funds and accounts established hereunder including all deposits to and disbursements from said funds and accounts for a period ending six years after the Bonds have been paid in full. The Trustee shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal interest and premium paid on the Bonds subject to the inspection of the Borrower, the Issuer the Bondholder Representative and their representatives at all reasonable times and upon reasonable prior notice

(b) The Issuer will at any and all times upon the reasonable request of the Trustee, the Borrower or the Bondholder Representative afford and procure a reasonable opportunity by their respective representatives to inspect the books records, reports and other papers of the Issuer relating to the Project and the Bonds, if any, and to make copies thereof

Section 8 06 Advances by Trustee If the Issuer fails to perform any of its covenants in this Indenture (and such failure to perform shall not have been timely cured by the Borrower) the Trustee or the Bondholder Representative may, in their sole discretion, but shall not be required to at any time and from time to time (after written notice to the Borrower if no Loan Agreement Default or Default shall exist under the Loan Agreement and the Bondholder Representative), make advances to effect performance of any such covenant on behalf of the Issuer. Any money so advanced by the Trustee or the Bondholder Representative, together with interest at the Default Rate shall be repaid (subject to the provisions of Article II of this Indenture) upon demand and such advances shall be secured under this Indenture prior to the Bonds

Section 8 07 Tax Covenants

(a) **Issuer's Covenants** The Issuer covenants and agrees that, until the final maturity of the Series A Bonds, based upon the Borrower's covenants in Section 4 17 of the Loan Agreement it will not use any money on deposit in any fund or account maintained in connection with the Series A Bonds, whether or not such money was derived from the proceeds of the sale of the Series A Bonds or from any other source, in a manner that would cause the Series A Bonds to be arbitrage bonds within the meaning

of Section 148 of the Code. In the event the Borrower notifies the Issuer that it is necessary to restrict or limit the yield on the investment of moneys held by the Trustee pursuant to this Indenture, or to use such moneys in any certain manner to avoid the Series A Bonds being considered arbitrage bonds, the Issuer at the direction of the Borrower shall deliver to the Trustee specific written instructions with respect to the investment or use of moneys held by the Trustee in which event the Trustee shall take such action as so directed by the Borrower to restrict or limit the yield on such investment or to use such moneys in accordance with such order.

The Issuer shall not use or permit the use of any proceeds of the Series A Bonds or any other funds of the Issuer within its control, directly or indirectly in any manner, and shall not take or permit to be taken any other action or actions which would result in any of the Series A Bonds being treated other than as an obligation described in Section 103(a) of the Code.

The Issuer will not take any action that would result in all or any portion of the Series A Bonds being treated as federally guaranteed within the meaning of Section 149(b)(2) of the Code.

For purposes of this Section 8 07(a) the Issuer's compliance shall be based solely on matters within the Issuer's control and no acts, omissions or directions of the Borrower, the Trustee or any other Persons shall be attributed to the Issuer.

Unless a Favorable Opinion of Bond Counsel is rendered, the Issuer hereby covenants that it will request the Borrower to (i) expend all proceeds of the Series A Bonds and the investment income thereon (excluding amounts in the Rebate Fund) within three years of the Closing Date, (ii) invest all amounts held in the funds established pursuant to Section 6 02 of the Indenture (including investment income) in accordance with the Tax Certificate, and (iii) make the payments (but only from the sources and subject to the limitations described in Section 6 08) required to be made to the United States pursuant to the Code in order to establish or maintain the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes. All officers of the Issuer are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Issuer as of the date of delivery of the Series A Bonds. In complying with the foregoing covenants, the Issuer may rely from time to time upon a Favorable Opinion of Bond Counsel to the effect that any action by the Issuer or reliance upon any interpretation of the Code or the Regulations contained in such opinion will not cause interest on the Series A Bonds to be includable in gross income for federal income tax purposes under existing law.

(b) ***Trustee's Covenants*** The Trustee agrees that it will invest funds held under this Indenture in accordance with the terms of this Indenture. The Trustee shall have no liability for compliance with the Code to the extent it follows the written directions of the Borrower, the Issuer, the Bondholder Representative or the Rebate Analyst. The Trustee further covenants that should the Issuer, the Bondholder Representative 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, a

Favorable Opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Series A Bonds would cause the Series A Bonds to become arbitrage bonds within the meaning of Section 148 of the Code, then the Trustee will comply with any written instructions of the Borrower the Bondholder Representative or Bond Counsel regarding such investment or use so as to prevent the Series A Bonds from becoming arbitrage bonds, and the Trustee will bear no liability to the Issuer, the Borrower the Bondholder Representative or the Bondholders for investments made in accordance with such instructions

Section 8 08 Performance by the Borrower Without relieving the Issuer from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Issuer may perform any such agreement or covenant if no Loan Agreement Default or Default under the Loan Agreement exists

ARTICLE IX

DEFAULT, REMEDIES

Section 9 01 Events of Default

(a) Any one or more of the following events shall constitute an Event of Default" under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order rule or regulation of any administrative or governmental body)

(i) a default in the payment of any interest on the Bonds after such interest becomes due and payable or

(ii) a default in the payment of principal of or premium on, the Bonds after such Bond principal or premium becomes due and payable, whether at its stated maturity by declaration of acceleration or call for redemption purchase or otherwise or

(iii) subject to Section 8 08, default in the performance or breach of any material covenant or warranty of the Issuer in this Indenture (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 13 01 to the Issuer and the Borrower by the Trustee or to the Issuer the Borrower and the Trustee or the Bondholder Representative a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a notice of default under this Indenture provided that, so long as the Issuer or the Borrower on behalf of the Issuer, has commenced to cure such failure to observe or perform within the 30-day cure period and the subject matter of the default is not capable of cure within said 30 day period and

the Issuer or the Borrower on behalf of the Issuer is diligently pursuing such cure to the Trustee's satisfaction, with the Bondholder Representative's Written Direction or Written Consent, then the Issuer, or the Borrower on behalf of the Issuer shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended in writing by the Bondholder Representative) within which to cure such default or

(iv) a failure to pay any Third Party Fee

(b) The Trustee will promptly notify the Issuer the Borrower and the Bondholder Representative after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default

Section 9 02 Acceleration of Maturity, Rescission and Annulment

(a) Subject to the provisions of Section 9 11 upon the occurrence of an Event of Default, only at the Written Request of the Bondholder Representative the Trustee shall declare the principal of all the Bonds and the interest accrued to be immediately due and payable by notice to the Issuer and the Borrower Upon this declaration all principal of Prepayment Premium if any and interest on the Bonds shall become immediately due and payable

(b) At any time after such a declaration of acceleration has been made pursuant to subsection (a) of this Section, the Bondholder Representative may by Written Notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if

(i) there has been deposited with the Trustee a sum sufficient to pay (A) all overdue installments of interest on the Bonds (B) the principal of and redemption premium on the Bonds that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Bonds, (C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Bonds, and (D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee its agents and counsel, and

(ii) all Events of Default, other than the non payment of the principal of the Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9 11

No rescission and annulment shall affect any subsequent default or impair any right consequent thereon

(c) Notwithstanding the occurrence and continuation of an Event of Default, the Trustee is instructed that it shall pursue no remedies against the Borrower, the Project or the Project Fund if no Loan Agreement Default has occurred and is continuing without

the written direction of the Bondholder Representative. An Event of Default hereunder shall not in and of itself constitute a Loan Agreement Default.

(d) Upon the occurrence of any Event of Default and the acceleration of the maturity of the Bonds prior to March 1, 2022, if at any time thereafter, payment is tendered in the amount necessary to satisfy the Borrower Payment Obligations (Unauthorized Prepayment) the same shall constitute an evasion of the payment terms of the Bonds and shall be deemed to be an unauthorized voluntary prepayment thereunder, in which case such payment must include a premium (the Unauthorized Prepayment Premium) equal to the product of (i) a prepayment premium (determined in the manner set forth in Schedule A to the Notes) on the then outstanding principal amount of the Bonds and accrued and unpaid interest and (ii) the Unauthorized Prepayment Factor. No Unauthorized Prepayment Premium shall be due or payable upon any redemption of the Bonds on or after March 1, 2022.

Section 9.03 Additional Remedies, Bondholder Representative Enforcement

(a) Upon the occurrence of an Event of Default, the Trustee may, subject to subsection (c) and the last sentence of Section 9.12, proceed to protect and enforce its rights and the rights of the Bondholders by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Indenture upon or remedy reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Bondholder Representative may proceed forthwith to protect and enforce its rights and the rights of the Bondholders in the Bonds and this Indenture by such suits, actions or proceedings as the Bondholder Representative, in its sole discretion, shall deem expedient.

(c) Notwithstanding anything to the contrary contained in this Indenture, the Trustee shall not exercise any of its rights or remedies under this Article IX or otherwise hereunder or under any of the other Bond Documents as a result of the occurrence of an Event of Default hereunder unless and until instructed by Written Direction to do so by the Bondholder Representative. The Trustee shall in such event exercise such rights and remedies as so instructed by the Bondholder Representative, provided, that the Bondholder Representative shall have offered to the Trustee in writing indemnity reasonably satisfactory to the Trustee against the fees, costs, expenses and liabilities to be incurred by the Trustee in compliance with any such instructions.

Section 9.04 Application of Money Collected. Any money collected by the Trustee pursuant to this Article and any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of the Bond Obligations, upon presentation of the

Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid

First To the payment of all amounts due to the Trustee hereunder in connection with actions taken pursuant to this Article and the fees, expenses liabilities or advances payable to or incurred or made by the Trustee including any reasonable fees and expenses of counsel,

Second To the payment of the whole amount of the Bonds then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Bonds and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Bonds then to the payment of such Bonds without any preference or priority of principal over interest or interest over principal ratably according to the aggregate amount so due, provided, however that the Bonds shall be paid in such order of priority as may be prescribed by Written Direction of the Bondholder Representative, in its sole and absolute discretion

Third To the payment of any and all other amounts due under the Bond Documents including without limitation any amounts due to the Issuer the Trustee, the Bondholder Representative and the Rebate Analyst, and

Fourth The payment of the remainder if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct

Section 9 05 Remedies Vested in Trustee and Bondholder Representative All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of the Bonds or the production thereof in any proceeding relating thereto Subject to the rights of the Bondholder Representative to direct proceedings hereunder any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust Any recovery of judgment after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel shall be for the benefit of the Bondholders, in respect of whom such judgment has been recovered

Section 9 06 Limitation on Suits, Rights of Bondholders

(a) Subject to the provisions of Section 9 12 and to rights specifically given to the Bondholder Representative no Bondholder shall have any right to institute any proceeding judicial or otherwise, under or with respect to this Indenture or for the appointment of a receiver or trustee or for any other remedy hereunder unless

(i) such Bondholder previously has given written notice to the Trustee of a continuing Event of Default,

(ii) such Bondholder shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder, and

(iii) such Bondholder (either alone or together with other Bondholders) has offered to the Trustee in writing reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request and the Trustee has thereafter failed or refused to exercise remedies hereunder

(b) Such notice, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or any Bond Document or for the appointment of a receiver or for any other remedy under this Indenture it being understood and intended that no Holder has any right in any manner whatsoever to affect disturb or prejudice the lien of this Indenture or any Bond Document or to enforce any right hereunder or thereunder except in the manner provided in this Indenture and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in this Indenture for the equal benefit of the Holders of all Outstanding Bonds, provided, however, that nothing in this subsection shall be construed to preclude any Holder from enforcing or impair the right of any Holder to enforce the payment by the Trustee of the principal of and interest and premium, if any on the Holder's Bond at or after its due date from available funds in accordance with this Indenture

Section 9 07 Unconditional Right of Bondholders to Receive Principal, Premium and Interest Notwithstanding any other provision in this Indenture, other than any provision in Article II to the contrary the Bondholders shall have the right which is absolute and unconditional to receive payment of the Bond Obligations when due and, subject to Section 9 06 to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the written consent of all of the Bondholders

Section 9 08 Restoration of Positions If the Trustee or any of the Bondholders shall have instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or to the Bondholders, then and in every such case the Issuer the Trustee the Borrower the Bondholder Representative and the Bondholders shall subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Issuer, the Trustee and the Bondholders shall continue as though no such proceeding had been instituted

Section 9 09 Rights and Remedies Cumulative No right or remedy herein conferred upon or reserved to the Trustee, the Bondholder Representative or the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise The assertion or employment of any right or remedy hereunder, or otherwise shall not prevent the concurrent assertion or employment of any other appropriate right or remedy

Section 9 10 Delay or Omission Not Waiver No delay or omission of the Trustee or of the Bondholders to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein Every right and remedy given by this Article or by law to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient, by the Trustee or by the Bondholders, as the case may be No waiver of any default or Event of Default, whether by the Trustee pursuant to Section 9 11 the Bondholders or the Bondholder Representative shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon

Section 9 11 Waiver of Past Defaults Before any judgment or decree for payment of money due has been obtained by the Trustee, the Bondholder Representative (or, in the event of a monetary default all of the Bondholders) may subject to Section 9 06, by written notice to the Trustee, the Issuer and the Borrower, waive any past default hereunder or under the Loan Agreement and its consequences except for default in obligations due the Issuer pursuant to or under the Unassigned Issuer s Rights Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture and the Loan Agreement, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon

Section 9 12 Remedies Under Loan Agreement or Notes

(a) As set forth in this Section 9 12, but subject to subsection (c), the Trustee shall have the right in its own name or on behalf of the Issuer, to declare any default and exercise any remedies under the Loan Agreement or the Notes, whether or not the Bonds have been accelerated or declared due and payable by reason of an Event of Default Any money collected by the Trustee pursuant to the exercise of any remedies under the Loan Agreement or the Notes shall be applied as provided in Section 9 04

(b) If an Event of Default has occurred and is continuing, the Trustee at the Written Direction of the Bondholder Representative shall have the right to enforce the Bond Documents and pursue the rights and remedies thereunder whether or not the Bonds have been accelerated or declared due and payable

(c) Notwithstanding anything to the contrary contained in this Indenture the Trustee shall not exercise any of its rights or remedies under the Loan Agreement, the Notes or any of the other Bond Documents as a result of the occurrence of a Loan Agreement Default, or an event of default under the Mortgage or any default or event of default under any of the other Bond Documents and the expiration of the applicable grace period or notice and cure period if any, specified therein, unless and until instructed to do so in writing by the Bondholder Representative The Trustee shall in such event exercise such rights and remedies as so instructed by the Bondholder Representative, provided that the Bondholder Representative shall have offered to the Trustee in writing indemnity reasonably satisfactory to the Trustee against the costs and expenses to be incurred by the Trustee in compliance with any such instructions

Section 9 13 Waiver of Appraisalment and Other Laws

(a) To the extent permitted by law the Issuer will not at any time insist upon plead, claim or take the benefit or advantage of, any appraisalment, valuation stay extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture and the Issuer for itself and all who may claim under it so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws The Issuer for itself and all who may claim under it, waives, to the extent that it may lawfully do so all right to have the property in the Trust Estate marshaled upon any enforcement hereof

(b) If any law in this Section referred to and now in force, of which the Issuer or its successor or successors might take advantage despite this Section, shall hereafter be repealed or cease to be in force such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section

Section 9 14 Suits to Protect the Trust Estate Subject to the provisions of Section 9 11, the Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts that may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Bondholders in the Trust Estate and in the rents, issues, profits revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Bondholders or the Trustee The Trustee shall provide written notice to the Bondholder Representative of the institution of any such proceedings

Section 9 15 Remedies Subject to Applicable Law All rights remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded registered or filed under the provisions of any applicable law

Section 9 16 Assumption of Obligations If the Trustee the Bondholders or the Bondholder Representative or its respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure such party shall succeed to the rights and the obligations of the Borrower under the Loan Agreement, the Notes the Regulatory Agreement and the other Bond Documents to which the Borrower is a party Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder rights and remedies may be pursued pursuant to the terms of the Bond Documents

ARTICLE X

THE TRUSTEE

Section 10 01 Appointment of Trustee, Acceptance The Issuer hereby appoints American National Bank as Trustee hereunder. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture including the transfer and assignment of all assets comprising the Trust Estate, by executing this Indenture.

Section 10 02 Certain Duties and Responsibilities of Trustee

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) If an Event of Default exists, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and subject to subsection (c)(iii), use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) No provision of this Indenture 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, in each case, as finally adjudicated by a court of law, except that

(i) this subsection shall not be construed to limit the effect of subsection (a)

(ii) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was 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 accordance with the direction of the Bondholder Representative, 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 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 assured to it in its sole discretion.

(d) Whether or not therein expressly so provided, every provision of this Indenture and the other Bond Documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(e) The Trustee may conclusively rely, 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 to the requirements of this Indenture, but in the case of any such certificates or opinions which by any provision hereof are specifically required 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

(f) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty

(g) The rights of the Trustee and limitations of liability enumerated herein and in Section 10 04 shall extend to actions taken or omitted in its role as assignee of the Issuer under the Loan Agreement and the other Bond Documents

Section 10 03 Notice of Defaults Upon the occurrence of any Event of Default hereunder and provided that a Responsible Officer of the Trustee is aware of or has received Written Notice of the existence of such Event of Default, promptly with respect to the Issuer and the Bondholder Representative, and within 30 days with respect to any other Bondholder the Trustee shall transmit by mail to the Issuer and the Bondholder Representative, and to the Bondholders as their names and addresses appear in the Bond Register, notice of such Event of Default known to the Trustee pursuant to Section 10 03 unless such Event of Default shall have been cured or waived

Section 10 04 Certain Rights of Trustee Except as otherwise provided in Section 10 01

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution certificate statement instrument, opinion, report notice request, direction, consent order bond debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties

(b) any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Issuer Representative,

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Written Certificate of the Issuer or the Borrower as appropriate

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Bondholder Representative pursuant to this Indenture, unless the Bondholder Representative shall have offered to the Trustee in writing security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance

with such request or direction provided that nothing contained in this subparagraph (d) shall be construed to require such security or indemnity for the performance by the Trustee of its obligations under Article VI and Section 9 02

(e) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution certificate, statement, instrument opinion, report notice, request direction, consent, order bond debenture, coupon or other paper or document but the Trustee in its discretion may make such further inquiry or investigation into such facts or matters as it may see fit, and if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Issuer, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours

(f) *the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder The Trustee may act, or refrain from acting upon the advise of counsel of its choice concerning all matters of the trusts hereof and the Trustee shall not be responsible for any loss or damage resulting from any action or inaction taken in reliance upon said advice and*

(g) the Trustee shall not be required to take notice or be deemed to have notice of any Default or Event of Default except for Events of Default specified in subsection (a) or (b) of Section 9 01 unless a Responsible Officer of the Trustee shall be specifically notified by a Written Direction of such Default or Event of Default by the Issuer the Bondholder Representative or by any Bondholder, and all notices or other instruments required by this Indenture to be delivered to the Trustee must in order to be effective be delivered in writing to a Responsible Officer of the Trustee at the Office of the Trustee and in the absence of such Written Notice so delivered the Trustee may conclusively assume there is no Default or Event of Default as aforesaid

Section 10 05 Not Responsible for Recitals The recitals contained herein and in the Bonds except the certificate of authentication on the Bonds shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby or as to the validity or sufficiency of this Indenture or of the Bonds

Section 10 06 May Hold Bonds The Trustee in its individual or any other capacity may become the Owner or pledgee of the Bonds and may otherwise deal with the Issuer and the Borrower with the same rights it would have if it were not Trustee

Section 10 07 Money Held in Trust Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in Article VII

Section 10 08 Compensation and Reimbursement

(a) Under the Loan Agreement, the Borrower has agreed to except as otherwise expressly provided herein reimburse the Trustee as provided in this Indenture or the Loan Agreement, upon its request for all reasonable expenses disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or willful misconduct both as finally adjudicated by a court of law. When the Trustee incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

(b) The Issuer has no obligation to pay the Trustee for services rendered except from moneys provided by the Borrower pursuant to the Loan Agreement.

(c) As security for the performance of the obligations of the Borrower under this Section, the Trustee shall be secured under this Indenture by a lien prior to the Bonds, and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any moneys held by it as part of the Trust Estate subject to the provisions of Section 9 04.

Section 10 09 Trustee Required, Eligibility Any successor Trustee shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition (b) be a wholly owned subsidiary of a bank holding company or a wholly-owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition or having at least \$50 000 000 of trust assets under management and have a combined capital surplus of at least \$2 000 000 as set forth in its most recent published annual report of condition or (c) is otherwise acceptable to the Bondholder Representative in its sole and absolute discretion.

Section 10 10 Resignation and Removal, Appointment of Successor

(a) No resignation or removal of the Trustee hereunder and no appointment of a successor Trustee pursuant to this Article shall become effective until the written acceptance by the successor Trustee of such appointment.

(b) The Trustee may resign at any time by giving 30 days' Written Notice thereof to the Issuer, the Borrower and the Bondholder Representative. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Issuer or the Bondholder Representative may remove the Trustee at any time with 30 days' notice by Written Notice delivered to the Trustee, the Issuer, the Borrower and the Bondholder Representative.

(d) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Bondholder Representative shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, no successor Trustee shall have been appointed by the Bondholder Representative and accepted appointment in the manner hereinafter provided, any Bondholder or retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) The retiring Trustee shall cause Written Notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to be mailed by first class mail, postage prepaid, to the Borrower and the Bondholders as their names and addresses appear in the Bond Register. Each notice shall include the name of the successor Trustee and the address of the Office of the successor Trustee.

Section 10.11 Acceptance of Appointment by Successor

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee. Notwithstanding the foregoing, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article to the extent operative.

Section 10.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be

otherwise qualified and eligible under this Article, to the extent operative without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case the Bonds shall have been authenticated, but not delivered by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated the Bonds.

Section 10.13 Requirements for Bondholder Consent and Instruction to the Trustee

(a) Notwithstanding anything to the contrary contained herein or in any of the other Bond Documents, except the provisions of Article XIII regarding the consent or approval of all Bondholders to any supplement or amendment to this Indenture, the Loan Agreement, the Notes or to any of the other Bond Documents, the following provisions shall govern and control with respect to any consents, determinations, elections, approvals, waivers, acceptances, satisfactions or expression of opinion of or the taking of any discretionary act or the giving of any instructions or the taking of actions by the Bondholder Representative or the Bondholders hereunder or under any of the other Bond Documents:

(b) The Issuer and the Trustee acknowledge that concurrently with the issuance of the Bonds, the Bond Purchaser has designated Wachovia Bank, National Association, as the Bondholder Representative. The Majority of Holders may designate a successor Bondholder Representative in a certificate substantially in the form attached as Exhibit C and delivered to the Trustee and the Borrower. Except as otherwise provided in this Indenture, the Bondholder Representative shall have the authority to bind the Bondholders for all purposes hereunder and under each of the other Bond Documents, including, without limitation, for purposes of exercising the rights of the Bondholder Representative under Section 13.05. The Trustee shall be entitled to rely upon the acts of any such Bondholder Representative as binding upon the Bondholder Representative and the Bondholders.

(c) Until the Trustee receives written notice signed by the Bondholder Representative that a new Bondholder Representative has been appointed by a Majority of Holders, the Bondholder Representative shall continue to act in such capacity and the Trustee shall continue to rely on the actions of such Bondholder Representative for all purposes hereunder and under each of the Bond Documents.

Section 10.14 Appointment of Co-Trustee

(a) It is the purpose of this Indenture that there shall be no violation of any laws of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, the Loan Agreement or the Regulatory Agreement and in particular in case of the enforcement of any of them on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or

remedies herein granted to the Trustee or hold title to the properties, in trust as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adopted to these ends.

(b) The Trustee is hereby authorized to appoint an additional individual or institution as a separate or co-trustee hereunder upon Written Notice to the Issuer and the Borrower and with the consent of the Issuer and the Bondholder Representative, but without the necessity of further authorization or consent in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture, the Regulatory Agreement or the Loan Agreement to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to exercise such powers, rights and remedies and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

(c) Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request of the Trustee, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate trustee or co-trustee.

Section 10.15 Loan Servicing. The Issuer and the Trustee acknowledge that the Bondholder Representative will either (i) service the Loan or (ii) may, by Written Notice to the Trustee, appoint a third party to service the Loan (any such entity so appointed, the 'Servicer'). In that regard, the Bondholder Representative may, by Written Direction to the Borrower and the Trustee, direct the Borrower to make any or all Loan Payments and Additional Payments directly to the Servicer, in which case the Servicer shall covenant and agree to forward such payments to the Trustee on behalf of the Borrower. The Issuer and the Trustee shall not be responsible for monitoring the performance of the Bondholder Representative or for any acts or omissions of the Bondholder Representative. The Bondholder Representative may, in its sole discretion, assign its rights, duties and obligations as Bondholder Representative.

Section 10.16 Requests from Rating Agency. If the Bonds are at any time rated by a Rating Agency, the Trustee shall promptly, during such time, 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.

Section 10 17 No Recourse Against Officers or Employees of Trustee No recourse with respect to any claim related to any obligation duty or agreement contained in this Indenture or any other Bond Document shall be had against any officer shareholder director or employee, as such, of the Trustee, it being expressly understood that the obligations, duties and agreements of the Trustee contained in this Indenture and the other Bond Documents are solely corporate in nature

ARTICLE XI

SUPPLEMENTAL INDENTURES, AMENDMENT OF LOAN AGREEMENT AND BOND DOCUMENTS

Section 11 01 Supplemental Trust Indentures without Bondholders' Consent The Issuer and the Trustee from time to time may enter into a Supplemental Indenture without the consent of any Bondholders but with the consent of the Bondholder Representative and at all times with the consent of the Borrower, as are necessary or desirable to

(a) cure any ambiguity or formal defect or omission or correct or supplement any provision herein that may be inconsistent with any other provision herein

(b) grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies powers authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee

(c) amend any of the provisions of this Indenture to the extent required to maintain the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes

(d) add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer

(e) make any change herein that is required by any Rating Agency in order to obtain a rating by such Rating Agency on the Bonds

(f) amend, alter, modify or supplement this Indenture in a manner necessary or desirable in connection with either the use or maintenance of the Book-Entry System for the Bonds, or the issuance of certificated Bonds following the termination of the Book Entry System for the Bonds, or

(g) make any other change, which, pursuant to the Written Notice of the Bondholder Representative, is not materially adverse to the interests of the Bondholders

The Trustee will provide the Borrower and the Bondholder Representative with at least ten Business Days Written Notice of any proposed Supplemental Indenture Immediately after the execution of any Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause a notice of the proposed execution of such Supplemental Indenture to be mailed, postage prepaid to the Bondholders Such notice shall briefly set forth 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 Bondholders. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such Supplemental Indenture.

Section 11 02 Supplemental Trust Indentures with Bondholders' Consent

(a) Except as otherwise provided in Section 11 01, subject to the terms and provisions contained in this Section and Section 11 03, the Bondholder Representative shall have the right, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of each Supplemental Indenture as shall be deemed necessary or desirable by the Issuer, the Borrower or the Bondholder Representative for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture, provided, however, that nothing herein contained shall permit or be construed as permitting without the consent of the Bondholders of all of the Bonds affected by such Supplemental Indenture: (i) an extension in the payment of any Bond Obligation with respect to any Bond issued hereunder; or (ii) a reduction in any Bond Obligation payable under or with respect to any Bond, or the rate of interest on any Bond, or (iii) the creation of a lien upon or pledge of the money or other assets pledged to the payment of the Bonds hereunder; or the release of any such assets from the lien of this Indenture; or (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture; or to any amendment, change or modification to the Bond Documents as provided in this Article XI, or (vi) an extension or reduction in the payment of any other amount payable on or in connection with any Bond issued hereunder. Nothing herein contained, however, shall be construed as making necessary the approval of Bondholders (other than the Bondholder Representative) of the execution of any Supplemental Indenture authorized in Section 11 01.

(b) If at any time the Issuer or the Borrower shall request the Trustee to enter into a Supplemental Indenture for any of the purposes of this Section, the Trustee, at the expense of the Borrower, shall cause notice of the proposed execution of such Supplemental Indenture to be mailed postage prepaid to the Bondholders. Such notice shall briefly set forth 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 Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholders by reason of its failure to mail the notice required by this Section 11 02, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section.

(c) Whenever, at any time within one year after the date of mailing of such notice, the Issuer delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Bondholder Representative which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon but not otherwise, the

Trustee may subject to the provisions of the subsection (a) execute such Supplemental Indenture in substantially such form

(d) Subject to subsection (a), if, at the time of the execution of such Supplemental Indenture, the Bondholder Representative shall have consented to and approved the execution thereof as herein provided no Bondholder shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof

Section 11 03 Supplemental Indentures Part of Indenture Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes This Indenture shall be, and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and Bondholders shall thereafter be determined exercised and enforced hereunder subject in all respects to such modifications and amendments Express reference to any Supplemental Indenture may be made in the text of any Bonds authenticated after the execution of such Supplemental Indenture if deemed necessary or desirable by the Trustee

Section 11 04 Discretion of Trustee to Execute Supplemental Indenture Except in the case of a direction from the Bondholder Representative (unless the Trustee determines in its reasonable discretion that such Supplemental Indenture increases its duties or adversely affects its rights, privileges or indemnities), the Trustee shall not be under any responsibility or liability to the Issuer or to any Bondholder or to anyone whomsoever for its refusal in good faith to enter into any Supplemental Indenture if such Supplemental Indenture is deemed by it to be contrary to the provisions of this Article or if the Trustee has received an Opinion of Counsel that such Supplemental Indenture is contrary to law or materially adverse to the rights of the Bondholders

Section 11 05 Consents and Opinions Subject to Section 11 01 any Supplemental Indenture entered into under this Article XI shall not become effective unless and until the Borrower and the Bondholder Representative shall have approved the same in writing, each in its sole discretion No Supplemental Indenture shall be effective until the Issuer the Borrower the Bondholder Representative and the Trustee shall have received a favorable Opinion of Bond Counsel The Trustee and the Issuer shall receive at the expense of the Borrower, or, if such Supplemental Indenture is requested by the Bondholder Representative at the expense of the Bondholder Representative, an Opinion of Counsel to the effect that any such proposed Supplemental Indenture is authorized and complies with the provisions of this Indenture

Section 11 06 Notation of Modification on Bonds, Preparation of New Bonds Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article may bear a notation, in form approved by the Trustee and the Issuer, as to any matter provided for in such Supplemental Indenture, and if such Supplemental Indenture shall so provide new Bonds so modified as to conform, in the opinion of the Trustee

and the Issuer to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared by the Issuer at the expense of the Borrower or if such amendment is requested by the Bondholder Representative, at the expense of the Bondholder Representative, authenticated by the Trustee and delivered without cost to the Bondholders of the Bonds then Outstanding upon surrender for cancellation of such Bonds in equal aggregate principal amounts

Section 11 07 Amendments to Loan Agreement and Bond Documents Not Requiring Consent of Bondholders The Issuer shall not consent to any amendment change or modification of the Loan Agreement or any other Bond Document (other than this Indenture) without the prior written consent of the Trustee, the Borrower (if no Loan Agreement Default has occurred and is continuing) and the Bondholder Representative The Issuer and the Trustee may without the consent of or notice to the Bondholders but only with the consent of the Borrower and the Bondholder Representative consent to any amendment, change or modification of any of the above mentioned documents as are necessary or desirable to

- (a) cure any ambiguity or formal defect or omission, correct or supplement any provision therein
- (b) grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights remedies, powers authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee
- (c) amend any of the provisions therein to the extent required to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes
- (d) add to the covenants and agreements of the Issuer therein other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power therein reserved to or conferred upon the Issuer
- (e) make any change that is required by any Rating Agency in order to obtain or maintain a rating by such Rating Agency on the Bonds,
- (f) amend, alter modify or supplement such document in a manner required in connection with either the use or maintenance of the Book-Entry System for the Bonds, or the issuance of certificated Bonds following the termination of the Book Entry System for the Bonds or
- (g) make any other change which pursuant to the Written Notice of the Bondholder Representative, is not materially adverse to the interests of the Bondholders of the Bonds

Section 11 08 Amendments to Loan Agreement and Bond Documents Requiring Consent of Bondholders

- (a) Except for the amendments changes or modifications corresponding to those provided in Section 11 07 neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or the other Bond

Documents (other than this Indenture) without the consent of the Bondholder Representative, provided, however, that nothing herein shall permit or be construed as permitting, without the consent of the Bondholders of all of the Bonds, (i) an extension of the time of payment of any amounts payable under the Notes the Loan Agreement or the Bonds or (ii) a reduction in the amount of any payment to be made with respect to the Notes, the Loan Agreement, or the Bonds or the rate of interest on the Notes or any Bond or (iii) the creation of a lien upon or pledge of the money or other assets pledged to the payment of the Notes Loan Agreement or the Bonds hereunder or the release of any such assets from the lien of this Indenture or (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of the Bonds required for consent to any such amendment, change or modification as provided herein or (vi) an extension or reduction in the payment of any other amount payable on or in connection with the Notes, the Loan Agreement or any Bond issued hereunder. If at any time the Issuer or the Borrower requests consent to any such proposed amendment, change or modification of any of such documents, other than an amendment change or modification permitted by Section 11 07, the Trustee shall at the expense of the Borrower cause notice of such proposed amendment change or modification to be mailed postage prepaid, to Bondholders. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the amendment to such document embodying the same are on file at the designated office of the Trustee for inspection by Bondholders. The Trustee shall not however, be subject to any liability to any Bondholders by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplement or amendment to such document when consented to and approved as provided in this Section.

(b) Whenever, at any time within one year after the date of mailing such notice the Issuer delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Bondholder Representative, which instrument or instruments shall refer to the proposed amendment or supplement to the document described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice thereupon but not otherwise the Issuer and/or the Trustee may execute such amendment in substantially the form on file as provided above, without liability or responsibility to any Bondholder of any Bond whether or not such Bondholder has consented thereto.

Section 11 09 Consents and Opinions Subject to Section 11 01, any amendment, change or modification otherwise permitted under this Article XI shall not become effective unless and until the Borrower and the Bondholder Representative shall have approved the same in writing, each in its sole discretion. The Trustee shall not be under any responsibility or liability to the Issuer or to any Bondholder or to anyone whomsoever for its refusal in good faith to enter into any supplement or amendment as provided in this Section if such supplement or amendment is deemed by it to be contrary to the provisions of this Article or if the Trustee has received an Opinion of Counsel that such supplement or amendment is contrary to law or materially adverse to the rights of the Bondholders of the Bonds or the liabilities or indemnities of the Trustee. No such supplement or amendment shall be effective until the Issuer and the Trustee shall have received an Opinion of Counsel to the effect that any such proposed

supplement or amendment complies with the provisions of this Indenture and any other opinion that may be required by the Trustee or the Bondholder Representative

ARTICLE XII

DEFEASANCE

Section 12 01 Satisfaction and Discharge of Indenture Whenever all Bond Obligations have been fully paid and the Bonds are no longer Outstanding, and all fees costs and expenses due and payable hereunder and under the other Bond Documents have been paid in full then (a) this Indenture and the lien, rights and interests created hereby shall cease determine and become null and void (except as to (i) any surviving rights of transfer or exchange of the Bonds herein or therein provided for and (ii) any obligation to pay arbitrage rebate and comply with certain tax requirements as provided in Section 12 02(c)) and (b) the Trustee shall execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign transfer and deliver all cash and securities then held by it hereunder as a part of the Trust Estate pursuant to Section 6 13

Section 12 02 Trust for Payment of Debt Service

(a) The Issuer shall at the Written Request of the Borrower on any date provide for the payment of any of the Bonds by establishing an escrow (at the sole expense of the Borrower) for such purpose with the Trustee and depositing therein cash and/or Government Obligations (as set forth in the Borrower's Written Request) that (assuming the due and punctual payment of the principal of and interest on such Government Obligations but without reinvestment) will provide funds sufficient to pay the principal premium, if any and interest on the Bonds as the same become due and payable until the maturity or redemption of the Bonds, provided however, that

(i) such Government Obligations must not be subject to redemption prior to their respective maturities at the option of the issuer of such Government Obligations,

(ii) if the Bonds are to be redeemed prior to their maturity, either (A) the Trustee shall receive evidence that irrevocable written notice of such redemption has been given in accordance with the provisions of this Indenture and the Bonds or (B) the Issuer shall confer on the Trustee irrevocable written authority for the giving of such notice on behalf of the Issuer,

(iii) prior to the establishment of such escrow the Issuer, the Trustee and the Bondholder Representative must receive (A) an Opinion of Counsel stating in effect that upon the occurrence of an Act of Bankruptcy, money and investments in such trust will not be recoverable from the Trustee or the Bondholders under provisions of the Bankruptcy Code relating to voidable preferences and (B) a Favorable Opinion of Bond Counsel, and

(iv) prior to the establishment of such escrow the Trustee must receive a report by an independent certified public accountant stating in effect that the

principal and interest payments on the Government Obligations in such escrow, without reinvestment together with the cash initially deposited therein will be sufficient to make the required payments from such trust

(b) Cash and/or Government Obligations deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate irrevocable trust fund for the benefit of the Bondholders to be paid from such fund. The Trustee shall apply such cash and the principal and interest payable on such Government Obligations solely to the payment of the principal of and premium if any and interest on the Bonds

(c) The obligations hereunder relating to paying agent, registrar and transfer agent functions and the provisions of Section 6.08 and Article X shall survive defeasance

ARTICLE XIII

MISCELLANEOUS

Section 13.01 Notices

(a) All notices, demands, requests and other communications required or permitted to be given by any provision of this Indenture shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier, telegraph, telex, telecopier or facsimile transmission, air or other courier or hand delivery to the party to be notified addressed as follows:

If to the Issuer	Austin Housing Finance Corporation 1000 East Eleventh Street Suite 200 Austin, Texas 78702 Attention Martin Gonzalez Telephone (512) 974 3103 Facsimile (512) 974 3161
If to the Trustee	American National Bank 3033 East First Avenue Denver Colorado 80206 Attention Tammy Dixon Telephone (303) 394 5142 Facsimile (303) 394-5320
If to the Borrower	San Antonio Alternative Housing Corporation No 15 1215 South Trinity Street San Antonio Texas 78207 Attention Executive Director Telephone (210) 224-2349 Facsimile (210) 224-9686

If to the Bondholder
Representative

Wachovia Multifamily Capital, Inc
7255 Woodmont Avenue
Suite 200
Bethesda Maryland 20814
Attention Head of Affordable Housing
Telephone (301) 321-1201
Facsimile (301) 866 8438

and

Kutak Rock LLP
Suite 2100 South Tower
225 Peachtree Street NE
Atlanta, Georgia 30303
Attention David A Nix, Esq
Telephone (404) 222 4610
Facsimile (404) 222 4654

and

Cassin Cassin & Joseph LLP
711 Third Avenue, 20th Floor
New York New York 10017
Attention Deborah A Franzblau Esq
Telephone (212) 798 0148
Facsimile (212) 557-2952

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Indenture (i) three Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first-class or, if applicable certified mail, return receipt requested, postage prepaid, (ii) on the date of transmission when delivered by telecopier or facsimile transmission telex, telegraph or other telecommunication device provided any telecopy or other electronic transmission received by any party after 4 00 p m , local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery and (iv) on the date of actual delivery to such party by any other means, provided, however, if the day such notice demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day, and provided further, that notices to the Trustee shall not be deemed to be given until actually received by the Trustee Any facsimile signature by a Person on a document, notice demand, request or communication required or *permitted by this Indenture shall constitute a legal, valid and binding execution thereof* by such Person

Any party to this Indenture may change such party s address for the purpose of notice, demands, requests and communications required or permitted under this Indenture

by providing written notice of such change of address to all of the parties by written notice as provided herein

(b) Where this Indenture provides for giving of notice to the Trustee such notice shall also be given to the Bondholder Representative. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided, shall not be treated as a failure to give the primary notice or affect the validity thereof or the effectiveness of any action taken pursuant thereto.

Section 13 02 Notice to Bondholders, Waiver

(a) Where this Indenture provides for giving of notice to the Bondholders of any event such notice must (unless otherwise herein expressly provided) be in writing and mailed, first-class postage prepaid to the Bondholders, at the addresses of the Bondholders as they appear in the Bond Register, not later than the latest date, and not earlier than the earliest date prescribed for the giving of such notice.

(b) Where this Indenture provides for notice in any manner, the person entitled to receive notice may waive the notice in writing either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13 03 Successors and Assigns All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns whether so expressed or not.

Section 13 04 Benefits of Indenture Nothing in this Indenture or in the Bonds, expressed or implied shall give to any person, other than the parties hereto and their successors hereunder the Borrower, the Bondholders and the Bondholder Representative any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 13 05 Bondholder Representative

(a) The entity designated in Section 10 13(b) shall be the initial Bondholder Representative. The Bondholder Representative shall provide written notice to the Trustee designating particular individuals authorized to execute any consent, waiver approval, direction or other instrument on behalf of the Bondholder Representative and such notice may be amended or rescinded by the Bondholder Representative at any time. The Bondholder Representative may be removed and a successor appointed by a Written Notice given by a Majority of Holders to the Trustee and the Borrower substantially in the form of Exhibit C. The removal and reappointment shall be effective immediately upon receipt of such notice by the Trustee. A Majority of Holders may appoint any Person to act as Bondholder Representative.

(b) If for any reason no Bondholder Representative shall then be appointed all references to Bondholder Representative herein and in the Bond Documents shall be deemed to refer to a Majority of Holders.

(c) Whenever pursuant to this Indenture or any other Bond Document the Bondholder Representative exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to the Bondholder Representative the decision of the Bondholder Representative to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein or therein provided) be in the sole discretion of the Bondholder Representative, and shall be final and conclusive

(d) Whenever this Indenture or any Bond Document requires the consent determination, election approval, waiver, acceptance, satisfaction or expression of opinion of, or the taking of any discretionary act by the Trustee (all of the foregoing being referred to as Consent in this Section 13 05) the right, power privilege and option of the Trustee to withhold or grant its Consent shall be deemed to be the right, power, privilege and option of the Bondholder Representative to withhold or grant such Consent and the Trustee shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture (including, without limitation, Section 11 04)

Section 13 06 Proof of Execution of Writings and Ownership Any instrument provided in this Indenture to be signed or executed by the Registered Owners of all or any portion of the Bonds may be in any number of writings of similar tenor and may be signed or executed by such Registered Owners in person or by their duly authorized representatives Proof of the execution of any such instrument or of the writing appointing any such agent, or of the ownership of any Bonds (other than the assignment of ownership of a Bond as set forth in the form of Bond), shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Issuer and the Trustee with respect to any actions taken by either under such instruments if

(a) the fact and date of the execution by any person of any such instrument is proved by (i) a certificate of any officer of any jurisdiction who by law has power to take acknowledgments of deeds within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or (ii) an affidavit of a witness of such execution and

(b) the ownership of any Bonds is proved by the Bond Register kept by the Bond Registrar

Section 13 07 Legal Holidays In any case in which the date of payment of any Bond Obligation or the date on which any other act is to be performed pursuant to this Indenture shall be a day that is not a Business Day, then payment of such Bond Obligation or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for redemption or the date fixed for such act, and no additional interest shall accrue for the period after such date and prior to the date of payment

Section 13 08 Governing Law This Indenture shall be governed by and shall be enforceable in accordance with the laws of the State

Section 13 09 Severability If any provision of this Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Indenture shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Issuer or the Trustee only to the full extent permitted by law.

Section 13 10 Execution in Several Counterparts This Indenture may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be and shall be deemed to be, an original.

Section 13 11 Nonrecourse Obligation of the Borrower Except as otherwise specifically provided in the Loan Agreement, the obligations of the Borrower under this Indenture are without recourse to the Borrower and the provisions of Section 10 01 of the Loan Agreement are by this reference incorporated herein.

Section 13 12 Conflict Notwithstanding any provision herein, in the other Bond Document to the contrary, in the event of any conflict or inconsistency between the terms of this Indenture and any of the other Bond Documents, the terms of this Indenture shall control for all purposes.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Issuer and the Trustee have caused this Indenture to be
duly executed as of the date first written above

AUSTIN HOUSING FINANCE
CORPORATION

By _____
Name _____
Title _____

[Signatures continued on next page]

[Signature Page to Trust Indenture]

AMERICAN NATIONAL BANK as Trustee

By _____
Name _____
Title _____

EXHIBIT A
FORM OF BOND

THIS BOND IS BEING ISSUED UNDER THE PROVISIONS OF THE TEXAS HOUSING FINANCE CORPORATIONS ACT, CHAPTER 394, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED (THE "ACT") THIS BOND AND THE ISSUE OF WHICH IT FORMS A PART ARE NOT GENERAL OBLIGATIONS OF THE ISSUER BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE MONEYS AND PROPERTIES PLEDGED FOR PAYMENT THEREOF

THE TRUSTEE IS PROHIBITED FROM REGISTERING THE OWNERSHIP OR TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN

UNITED STATES OF AMERICA
STATE OF TEXAS

AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(MEADOWOOD APARTMENTS PROJECT),
[SERIES 2007A] [TAXABLE SERIES 2007B]

No [RA] [RB] _____ \$ _____

DATED DATE	MATURITY DATE	BOND COUPON RATE	CUSIP NO
_____ 20__	_____ 1 20__	_____ %	_____

REGISTERED OWNER

PRINCIPAL AMOUNT

Austin Housing Finance Corporation (the 'Issuer'), a housing finance corporation organized and existing under the laws of the State of Texas (the Issuer), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above the Principal Amount specified above and to pay interest thereon accruing from the Dated Date specified above (the Closing Date), at the Bond Coupon Rate specified above, payable on the first calendar day of each month commencing on July 1, 2007 to the person whose name appears on the Bond Register as of the day next preceding any Interest Payment Date (a Record Date) and to pay any other amounts as specified in the Indenture (hereinafter defined), provided however that if the first calendar day of each month is not also a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the

same force and effect as if such payment was made on originally scheduled payment date. All capitalized terms not otherwise defined in this Bond shall have the meaning ascribed thereto in the Indenture.

Principal of, and premium, if any, on this Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts at the designated payment office of American National Bank, as trustee (the "Trustee" and "Bond Registrar"), or its successor.

Interest on this Bond shall be computed on the basis of a 360 day year comprised on twelve 30-day months. Interest on this Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by electronic transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense (a) so directs by written notice delivered to the Trustee at least ten Business Days before the date upon which such electronic transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

This Bond is one of an issue of the Issuer's duly authorized [Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Series 2007A issued in the aggregate principal amount of \$_____ (the "Series A Bonds"), which are being issued in conjunction with the Issuer's Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Taxable Series 2007B issued in the aggregate principal amount of \$_____ (the "Series B Bonds")]. [Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Taxable Series 2007B issued in the aggregate principal amount of \$_____ (the "Series B Bonds") which are being issued in conjunction with the Issuer's Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Series 2007A issued in the aggregate principal amount of \$_____ (the "Series A Bonds").] The Series 2007A Bonds and the Series 2007B Bonds (collectively the "Bonds") are being issued pursuant to the provisions of the Texas Housing Finance Corporations Act as amended, Texas Local Government Code Chapter 394 and all future acts supplemental thereto or amendatory thereof.

The proceeds from the Bonds are to be used for the purpose of making a mortgage loan pursuant to the Loan Agreement dated as of May 1, 2007 (the "Loan Agreement"), between the Issuer and San Antonio Alternative Housing Corporation No. 15 (the "Borrower"), to finance the acquisition, rehabilitation and equipping of a multifamily residential rental project (the "Project"). The Borrower's payment obligations under the Loan Agreement will be evidenced by two promissory notes (the "Notes"). The Notes will be secured by the First Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated May __, 2007 executed by the Borrower.

The Bonds are issued under and are equally and ratably secured by the Trust Indenture dated as of May 1, 2007 (as amended and supplemented, the "Indenture"), between the Issuer and the Trustee.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured the manner in which interest is computed on this Bond mandatory and optional tender rights and provisions, mandatory and optional redemption rights and tender provisions, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights

This Bond is subject to optional and mandatory redemption in whole or in part on the dates under the terms and conditions and at the redemption prices set forth in the Indenture all of the provisions of which are by this reference incorporated into this Bond Notice of redemption shall be given in the manner set forth in the Indenture

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER, THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON WHICH ARE PAYABLE SOLELY FROM THE TRUST ESTATE, PROVIDED HOWEVER THAT UNDER THE INDENTURE, THE ISSUER HAS RESERVED TO ITSELF AND HAS NOT PLEDGED OR ASSIGNED THE RESERVED RIGHTS OF THE ISSUER THE BONDS OR ANY PREMIUM OR INTEREST HEREON DO NOT CONSTITUTE WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION AN INDEBTEDNESS AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE THE CITY OF AUSTIN TEXAS OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE THE BONDS DO NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE THE CITY OF AUSTIN TEXAS OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THE BONDS 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 AGAINST ANY PAST PRESENT OR FUTURE OFFICER DIRECTOR MEMBER, EMPLOYEE OR AGENT 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 OFFICERS, DIRECTORS, MEMBERS EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder or to institute appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture

By its purchase of this Bond the Registered Owner hereof agrees to the appointment of the Bondholder Representative as provided in the Indenture and authorizes the Bondholder

Representative to exercise such rights and remedies afforded to the Bondholder Representative on behalf of the Bondholder as provided in the Bond Documents

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture

This Bond may be exchanged and its transfer may be effected only by the Registered Owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture including without limitation, the delivery of an Investor Letter to the extent required under the Indenture Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor

The Issuer and the Trustee may deem and treat the person in whose name this Bond shall be registered on the Bond Register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary

All acts conditions and things required by the laws of the Issuer to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Bonds do exist have happened and have been performed in due time form and manner as required by law

Neither the directors members, officers agents employees or representatives of the Issuer nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability 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 released and 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 be valid or obligatory for any purpose until the Bond Registrar shall have executed the Certificate of Authentication appearing hereon

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond is duly authorized by law, that all acts conditions and things required to exist and to be done precedent to and in the issuance of this Bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law

IN WITNESS WHEREOF the Issuer has caused this Bond to be duly executed in its name by the manual or facsimile signature of its President or Vice President and attested by the manual or facsimile signature of its Secretary or Assistant Secretary all as of the Dated Date above

AUSTIN HOUSING FINANCE
CORPORATION

By _____
Name _____
Title _____

Attest _____

By _____
Name _____
Title _____

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the [Series A] [Series B] Bonds referred to in the within mentioned Indenture

Date of Authentication _____

AMERICAN NATIONAL BANK as Trustee

By _____

Name _____

Authorized Signatory

ASSIGNMENT FOR TRANSFER

FOR VALUE RECEIVED, the undersigned, hereby sells assigns and transfers unto _____ (Tax Identification or Social Security No _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof with full power or substitution in the premises

Date

Signature Guaranteed

NOTICE Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program

Signature

NOTICE The signature to this assignment must correspond with the name of the Registered Owner of the within Bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever and the Social Security number or federal employer identification must be supplied

EXHIBIT B

MANDATORY SINKING FUND SCHEDULE

EXHIBIT C

**FORM OF NOTICE OF APPOINTMENT OF
SUCCESSOR BONDHOLDER REPRESENTATIVE**

American National Bank
3033 East First Avenue
Denver Colorado 80206

San Antonio Alternative Housing Corporation No 15
1215 South Trinity Street
San Antonio Texas 78207

Re Austin Housing Finance Corporation Multifamily Housing Revenue Bonds
(Meadowood Apartments Project) Series 2007A and Taxable Series 2007B

Ladies and Gentlemen

The undersigned are a Majority of Holders of the above-referenced bonds (the 'Bonds'), as such term is defined in the Trust Indenture dated as of May 1 2007 (the 'Indenture') between Austin Housing Finance Corporation (the Issuer) and American National Bank as trustee (the Trustee). Pursuant to Section 10 13(b) of the Indenture you are hereby notified that effective immediately upon receipt of this notice by the Trustee, the Bondholder Representative (as defined in the Indenture) appointed under Section 10 13(b) of the Indenture shall be [insert successor Bondholder Representative]. The person or entity previously appointed as Bondholder Representative shall, upon the effectiveness of this notice, no longer have any further rights or obligations as Bondholder Representative.

The following individual or individuals shall have authority to execute any consent waiver, approval direction or other instrument on behalf of the Bondholder Representative and the signature(s) set forth next to his/her (their) name(s) is (are) his/her (their) true and correct signature(s).

NAME

SIGNATURE

Additional individuals may be given such authority by written notice to you from the Bondholder Representative or from a Majority of Holders.

This notice is dated as of the _____ day of _____, _____.

BONDHOLDER(S)

By _____
Name _____

Authorized Signatory

EXHIBIT D

FORM OF WRITTEN REQUISITION OF THE BORROWER

To American National Bank, as trustee (the Trustee) under the Trust Indenture dated as of May 1 2007 (the Indenture), between Austin Housing Finance Corporation and the Trustee

1 You are requested to disburse funds from the Project Fund pursuant to Section 6 07 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto The Trustee shall make all such payments by check or wire transfer in accordance with payment instructions contained in Schedule I or the invoice submitted in accordance therewith

2 The undersigned certifies that

(a) there has been received no notice (i) of any lien right to lien or attachment upon or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (ii) that any materials supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment claim or security interest has been received such lien, attachment claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition

(b) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate,

(c) the obligation stated on the requisition has been incurred in or about the acquisition, construction, rehabilitation or equipping of the Project each item is a proper charge against the Project Fund and the obligation has not been the basis for a prior requisition that has been paid

(d) such requisition contains no items representing any Costs of Issuance or any other amount constituting an issuance cost under Section 147(g) of the Code

(e) the amounts requisitioned by this Requisition plus all amounts previously disbursed from the Project Fund have been or will be applied by the Borrower to pay Qualified Project Costs,

(f) as of the date hereof to the undersigned s knowledge, after due inquiry no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Indenture or under the Loan Agreement and

Dated _____

SAN ANTONIO ALTERNATIVE HOUSING
CORPORATION NO 15

By _____

Name _____

Title _____

Approved By

WACHOVIA BANK, NATIONAL ASSOCIATION

By _____

Name _____

Authorized Representative

EXHIBIT E

FORM OF INVESTOR LETTER

Austin Housing Finance Corporation
1000 East Eleventh Street
Suite 200
Austin Texas 78702

American National Bank
3033 East First Avenue
Denver Colorado 80206

Re Austin Housing Finance Corporation Multifamily Housing Revenue Bonds
(Meadowood Apartments Project), Series 2007A and Taxable Series 2007B

Ladies and Gentlemen

The undersigned (the Investor) hereby acknowledges receipt of the above referenced bonds (the Bonds) in fully registered form and in the outstanding principal amount of \$_____ The Bonds have been checked inspected and approved by the Investor

The undersigned acknowledges that the Bonds were issued for the purpose of making a loan to assist in the financing of the acquisition and rehabilitation of a multifamily residential rental project located in the Austin, Texas (the Project) and that the loan is evidenced by the Loan Agreement dated as of May 1, 2007 (the Loan Agreement”) by and between Austin Housing Finance Corporation (the Issuer) and San Antonio Alternative Housing Corporation No 15 (the Borrower) The undersigned further acknowledges that the Bonds are secured by the Trust Indenture dated as of May 1, 2007 (the Indenture) between the Issuer and American National Bank as trustee, which creates a security interest in the Trust Estate (as defined in the Indenture) for the benefit of the owners of the Bonds

In connection with the acquisition of the Bonds by the Investor, the Investor hereby makes the following representations upon which you may rely

1 The Investor has authority to acquire the Bonds and to execute this Investor Letter and any other instruments and documents required to be executed by the Investor in connection with the acquisition of the Bonds

2 The Investor is [an accredited investor as defined under Regulation D promulgated under the Securities Act of 1933 (the Act) or a qualified institutional buyer as defined under Rule 144A promulgated under the Act ¹] [the trustee, custodian or administrator of any trust custodial or similar arrangement (a Purchaser Trustee) the ownership interests in

¹ Bracketed text to be omitted if the Bonds are acquired by a Purchaser Trustee

which are to be distributed through the issuance of (a) A rated without respect to modifier (or its equivalent), or better securities (or securities the pass-through payment on which are guaranteed by an insurer or guarantor, the unsecured long term obligations of which are rated as least 'A ') that are registered under Securities Act of 1933 (the 'Act ') and/or are exempt from the registration requirements of the Act and (b) non investment-grade securities representing a residual interest in such trust, custodial or similar arrangement that may only be transferred in transactions that are exempt from the registration requirements of the Act ^{2]}

3 The Investor understands that the Bonds are not registered under the Act and that such registration is not legally required as of the date hereof and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the Blue Sky laws and regulations of any state, (b) will not be listed in any stock or other securities exchange (c) will not carry a rating from any rating agency and (d) will be delivered in a form which may not be readily marketable

4 The Investor understands that (a) the Bonds are not a debt of the City of Austin Texas, the State or any political subdivision thereof and none of the City of Austin Texas, the State or any political subdivision thereof shall be liable on the Bonds, (b) the Bonds are not an indebtedness within the meaning of any constitutional statutory or charter debt limitation or restriction and are not payable in any manner by taxation (c) the Issuer has no taxing power, (d) no recourse shall be had for the payment of the principal of or premium if any or interest on, any of the Bonds or for any claim based thereon or upon any obligation, provision covenant or agreement contained in the Indenture, against any past present or future director trustee officer official employee or agent of the Issuer or any director trustee, officer official employee or agent 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 director, trustee, officer, official, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds, and (e) the liability of the Issuer with respect to the Bonds is limited to the Trust Estate as set forth in the Indenture

5 The Investor acknowledges that it has the right to sell and transfer the Bonds subject to the delivery to the Trustee of an investor s letter from the transferee to the same effect as this Investor's Letter, with no revisions except as may be approved in writing by the Issuer Failure to deliver such investor s letter shall cause the purported transfer to be null and void

6 [The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information to which a reasonable investor would attach significance in making investment decisions and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project and the Bonds and the security therefor so that, as a reasonable investor the Investor has been able to make its decision to purchase the Bonds The

² Bracketed text to be omitted if the Bonds are acquired by an entity other than a Purchaser Trustee

Investor acknowledges that it has not relied upon the Issuer for any information in connection with the Investor's purchase of the Bonds ³]

7 [The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor and other material factors affecting the security and payment of the Bonds. The Investor is aware that the business of the Borrower involves certain economic variables and risks that could adversely affect the security for the Bonds. The Investor acknowledges that in the event of a default on the Bonds, the risk of loss lies entirely with the Investor ¹]

8 The Investor acknowledges that Bondholder Representative (as defined in the Indenture) has been appointed pursuant to the provisions of the Indenture and hereby acknowledges the rights and privileges of the Bondholder Representative as set forth in the Indenture

Very truly yours,

[INVESTOR/PURCHASER TRUSTEE]

By _____
Name _____
Authorized Signatory

³ Bracketed text to be omitted if the Bonds are acquired by a Purchaser Trustee

LOAN AGREEMENT

Dated as of May 1, 2007

between

AUSTIN HOUSING FINANCE CORPORATION,
as Issuer

and

SAN ANTONIO ALTERNATIVE HOUSING CORPORATION NO 15
as Borrower

Relating to

\$9,375 000
Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Meadowood Apartments Project),
Series 2007A

and

\$325 000
Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Meadowood Apartments Project),
Taxable Series 2007B

The interest of the Issuer in this Loan Agreement (except for certain rights described herein) has been pledged and assigned to American National Bank, as trustee (the 'Trustee'), under the Trust Indenture dated as of May 1 2007 by and between the Issuer and the Trustee

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of May 1 2007 (as amended, modified restated or supplemented, this Agreement or Loan Agreement) is entered into between **AUSTIN HOUSING FINANCE CORPORATION**, a housing finance corporation duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the Issuer), and **SAN ANTONIO ALTERNATIVE HOUSING CORPORATION NO 15** a nonprofit corporation duly organized and validly existing under the laws of the State of Texas (together with its permitted successors and assigns the Borrower)

WITNESSETH

WHEREAS, the Issuer has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act as amended Texas Local Government Code, Chapter 394 (the 'Act'), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford, and

WHEREAS the Act authorizes the Issuer (i) to make loans to any person to provide financing for rental residential developments located within the City of Austin Texas and intended to be occupied substantially (at least 90% percent) by persons of low and moderate income as determined by the Issuer (ii) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds and (iii) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds, and

WHEREAS by proceedings adopted pursuant to and in accordance with the provisions of the Act, the Issuer has authorized the issuance of (i) its Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Series 2007A in the original aggregate principal amount of \$9,375,000 (the Series A Bonds) and (ii) its Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Taxable Series 2007B in the original aggregate principal amount of \$325 000 (the Series B Bonds, and together with the Series A Bonds, the 'Bonds) to finance a portion of the costs of the acquisition, rehabilitation and equipping of a 200 unit multifamily residential rental project known as Meadowood Apartments and located in Austin Texas (the "Project"), and

WHEREAS, pursuant to this Loan Agreement, the Issuer will agree to issue the Bonds and lend the proceeds thereof to the Borrower (the Loan) and the Borrower will agree to (i) apply the proceeds of the Loan to finance a portion of the costs of acquisition, rehabilitation and equipping of the Project (ii) make payments sufficient to pay the principal of, premium if any, and interest on the Bonds when due (whether at maturity, by redemption, acceleration or

otherwise) and (iii) observe the other covenants and agreements and make the other payments set forth therein and

WHEREAS the Borrower will deliver to the Issuer (i) its promissory note dated May __, 2007 in an original principal amount equal to the original aggregate principal amount of the Series A Bonds (as the same may be amended, supplemented, restated or modified from time to time the Series A Note) and (ii) its promissory note dated May __ 2007 in an original principal amount equal to the original aggregate principal amount of the Series B Bonds (as the same may be amended, supplemented, restated or modified from time to time, the Series B Note) (collectively, the Notes) evidencing its obligation to repay the Loan and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of this Loan Agreement and the Indenture (as defined herein), and

WHEREAS the obligations of the Borrower under this Loan Agreement and the Notes will be secured by, among other things, a First Deed of Trust Assignment of Rents, Security Agreement and Fixture Filing dated May __, 2007 (as the same may be modified amended restated or supplemented from time to time the Mortgage”) from the Borrower granting a first lien on the Project to the trustee named therein as trustee for the benefit of the Issuer and by the other Loan Documents, and

WHEREAS the Issuer intends to assign to the Trustee as security for the Bonds the Notes and the Mortgage and substantially all of the Issuer s rights under this Loan Agreement and all other documents executed and delivered in connection with the Loan

NOW THEREFORE in consideration of the premises and the mutual promises representations and agreements herein contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound, the parties hereto agree as follows

ARTICLE I

DEFINITIONS, PROVISIONS OF GENERAL APPLICATION

Section 1 01 Definitions For all purposes of this Loan Agreement except as otherwise expressly provided or unless the context otherwise requires

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Trust Indenture dated as of May 1 2007 (as the same may be amended modified restated or supplemented from time to time the Indenture) by and between the Issuer and American National Bank as trustee (the Trustee)

(b) The terms ‘herein hereof’ and hereunder and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision The terms agree and agreements contained herein are intended to include and mean covenant and ‘covenants

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural

number shall be deemed to have been made, respectively in the plural or singular number as well Singular terms shall include the plural as well as the singular, and vice versa

(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them and all computations herein provided for shall be made in accordance with the Approved Accounting Method All references herein to Approved Accounting Method refer to such method as it exists at the date of the application thereof

(e) All references in this instrument to designated Articles, Sections and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed

(f) All references in this Loan Agreement to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof

(g) Whenever the term includes' or "including is used in this Loan Agreement, such terms mean includes or including by way of example and not limitation

(h) References to the Bonds as tax exempt or the tax exempt status of the Bonds are to the exclusion of interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code

Section 1 02 Effect of Headings and Table of Contents The Article and Section headings are for convenience only and shall not affect the construction hereof

Section 1 03 Date of Loan Agreement The date of this Loan Agreement is intended as and for a date for the convenient identification of this Loan Agreement and is not intended to indicate that this Loan Agreement was executed and delivered on said date

Section 1 04 Designation of Time for Performance Except as otherwise expressly provided herein any reference in this Loan Agreement to the time of day means the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under the Indenture

ARTICLE II

GENERAL

Section 2 01 Issuance of Bonds In order to provide funds for the purposes provided herein the Issuer agrees that, in accordance with the Act it will issue and sell the Bonds and cause the Bonds to be delivered to the purchasers thereof The proceeds of the sale of the Bonds shall be paid to the Trustee for the account of the Issuer The Trustee shall promptly deposit the proceeds of the sale of the Bonds as provided in the Indenture The Issuer and the Borrower expressly reserve the right to enter into, to the extent permitted by law, an agreement or agreements other than this Loan Agreement with respect to the issuance by the Issuer under an

indenture or indentures other than the Indenture of obligations to provide funds to refund all or any principal amount of the Bonds

Section 2 02 Assignment to Trustee As security for the Bonds, the Issuer has pledged and assigned the Trust Estate to the Trustee under and pursuant to the Indenture. The Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Notes which shall be delivered to the Trustee. The Borrower hereby acknowledges and consents to such assignment to the Trustee.

Section 2 03 Loan of Bond Proceeds, Notes Upon the issuance of the Bonds and deposit under the Indenture of the proceeds from the sale of the Bonds in accordance with the Indenture, the Issuer shall be deemed to have made the Loan to the Borrower in the original *principal amount of the Bonds*. *The Loan will mature and be payable at the times and in the amounts required under the terms of the Notes.* The proceeds of the Loan shall be used by the Borrower to pay costs of the acquisition, rehabilitation and equipping of the Project and for certain other purposes specified in the Indenture. The Borrower hereby accepts the Loan and acknowledges that the Issuer shall cause the proceeds of the Bonds to be deposited with the Trustee in the manner set forth in Section 5 02 of the Indenture and applied as set forth in the Indenture. The Borrower hereby agrees to execute the Notes as evidence of its obligation to repay the Loan and to deliver the Notes simultaneously with the delivery of this Loan Agreement to the Issuer. The Notes shall bear interest on the unpaid principal balance thereof at the applicable Note Rate, calculated on the basis of a 360-day year comprised of twelve 30-day months. The Issuer shall assign the Notes to the Trustee for the benefit of the Bondholders.

Section 2 04 Disbursements Moneys in the Project Fund shall be disbursed as provided in Section 6 07 of the Indenture. Moneys in the Costs of Issuance Fund shall be disbursed by the Trustee in accordance with the instructions received from the Borrower pursuant to Section 6 06 of the Indenture.

Section 2 05 Loan Payments

(a) The Borrower shall make Loan Payments in accordance with the Notes. Each Loan Payment made by the Borrower shall be made in funds immediately available to the Trustee by 10 00 a.m., Central time on the first day of each calendar month commencing July 1, 2007 (the "Loan Payment Date"). Each such payment shall be made by deposit to the Bond Fund. Whenever any Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. All payments made by the Borrower hereunder or by the Borrower under the other Bond Documents shall be made irrespective of and without any deduction for any set offs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

(b) The Borrower and the Issuer each acknowledge that, except as provided by the express terms of the Bond Documents, neither the Borrower nor the Issuer has any interest in any moneys deposited in the funds or accounts established under the Indenture and such funds or accounts shall be in the custody of and (except for moneys due the

Issuer on deposit in the Rebate Fund) held by the Trustee in trust for the benefit of the Bondholders

(c) The Borrower shall be liable for payment of Loan Payments and if such payments are made the Borrower shall not be liable for payment of the Bonds

Section 2.06 Additional Payments

(a) The Borrower shall pay to the Trustee on demand the following amounts

(i) the Rebate Amount then due, if any, to be deposited by the Trustee in the Rebate Fund as specified in Section 6.08 of the Indenture and the costs incurred to calculate such Rebate Amount (to the extent such costs are not included in the Loan Payment)

(ii) all Costs of Issuance and fees, charges and expenses, including agent and counsel fees reasonably incurred in connection with the issuance of the Bonds, as and when the same become due to the extent not paid from the Costs of Issuance Fund and

(iii) all late charges due and payable under the terms of the Notes and Section 2.08

(b) The Borrower shall pay to the party entitled thereto as expressly set forth in this Loan Agreement or the other Bond Documents

(i) all Third Party Fees,

(ii) all reasonable expenses incurred in connection with the enforcement of any rights under this Loan Agreement, the Regulatory Agreement or the Indenture by the Issuer, the Bondholder Representative, the Trustee or the Bondholders, except as may be expressly limited by the terms of the Indenture

(iii) all reasonable fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee and the Issuer (above and beyond the Trustee's Fee and the Issuer's Fee) incurred under the Indenture, as and when the same become due

(iv) all other payments of whatever nature that the Borrower has agreed to pay or assume under the provisions of this Loan Agreement, the Indenture and any other Bond Document, and

(v) all reasonable charges, costs, advances, indemnities and expenses, including agent and counsel fees of the Issuer reasonably incurred by the Issuer at any time in connection with the Bonds or the Project including, without limitation, counsel fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of the Bond Documents or any other documents relating to the Project or the Bonds or in connection with

questions or other matters arising under such documents or in connection with any federal or state tax audit

Section 2 07 [RESERVED]

Section 2 08 Overdue Payments, Payments if Default If any Borrower Payment Obligation is not paid by or on behalf of the Borrower when due (including any grace periods) the Borrower shall pay to the Trustee, a Late Charge in the amount and to the extent set forth in the Notes if any Any such Late Charge shall not be deemed to be additional interest or a penalty but shall be deemed to be liquidated damages because of the difficulty in computing the actual amount of damages in advance Late Charges shall be secured by the applicable Bond Documents Any action regarding the collection of a Late Charge will be without prejudice to any other rights, and shall not act as a waiver of any other rights, that the Issuer, the Trustee or the Bondholder Representative may have as provided herein, at law or in equity

Section 2 09 Obligations of the Borrower Absolute and Unconditional

(a) Subject to Section 10 01, the obligations of the Borrower under this Loan Agreement and the Notes to make Loan Payments and Additional Payments on or before the date the same become due and to perform all of its other obligations, covenants and agreements hereunder shall be absolute and unconditional and shall be paid or performed without notice or demand and without abatement, deduction set-off counterclaim recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising and irrespective of whether the Borrower's title to the Project or to any part thereof is defective or nonexistent and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project legal curtailment of the Borrower's use thereof, the eviction or constructive eviction of the Borrower any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Issuer's legal organization or status, or any default of the Issuer or the Trustee hereunder or under any other Bond Document, and regardless of the invalidity of any action of the Issuer or the invalidity of any portion of this Loan Agreement The Borrower hereby waives to the extent permitted by applicable law, the application to it of the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations covenants or agreements under this Loan Agreement or which releases or purports to release the Borrower therefrom Nothing contained herein shall be construed as prohibiting the Borrower from pursuing any rights or remedies it may have against any Person in a separate legal proceeding

(b) The Borrower may however, at its own cost and expense and in its own name or in the name of the Issuer prosecute or defend any action or proceeding or take any other action involving third persons that the Borrower deems reasonably necessary in order to secure or protect its right of possession occupancy and use hereunder and in such event the Issuer hereby agrees to cooperate fully with the Borrower and to take all

action necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request

Section 2 10 Optional Prepayment of Notes

(a) The Borrower shall have the option to prepay the Notes to the extent and in the manner set forth in the Notes exercisable by Written Notice to the Issuer and the Trustee, and with the Written Consent of the Bondholder Representative given at least 20 days prior to the proposed prepayment date for the purpose of redeeming all Outstanding Bonds in accordance with Section 4 01 of the Indenture on a permitted redemption date of the Bonds or paying the Bonds at maturity. The consent of the Bondholder Representative shall be given so long as the Borrower has complied with the applicable provisions of the Notes and has provided evidence satisfactory to the Bondholder Representative in its sole discretion that the amounts used to prepay the Notes will not constitute an avoidable preference under Section 547 of the United States Bankruptcy Code in the event the Borrower or an Affiliate thereof were to become a debtor under the United States Bankruptcy Code.

(b) In connection with any such proposed prepayment, the Borrower shall deposit Eligible Funds with the Trustee by 10 00 a m , Austin, Texas time, not less than one Business Day prior to the date of prepayment at a prepayment price equal to the outstanding principal balance of the Notes, plus interest on the Notes to the date of prepayment and the amount of any Prepayment Premium payable under the Notes plus any Additional Payments due and payable hereunder through the date of prepayment. Such amounts shall be applied to the redemption of all the Bonds and payment of all amounts due hereunder. The Borrower shall deliver such certifications and shall satisfy such conditions as set forth in Section 4 01 of the Indenture with respect to the optional redemption of all Outstanding Bonds.

Section 2 11 Mandatory Prepayment of Notes The Borrower shall prepay the outstanding principal balance of the Notes at the Written Direction of the Bondholder Representative in whole or in part, at a prepayment price equal to the outstanding principal balance of the Notes prepaid plus interest on the Notes to the date of prepayment and the amount of any Prepayment Premium payable under the Notes, plus any other amounts payable under the Notes or this Loan Agreement for the purpose of redeeming the Bonds as provided in Section 4 03 of the Indenture upon the occurrence of any event or condition described below.

(a) in whole, if the Project has been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or destroyed property within the period and under the conditions described in the Mortgage following such event of damage or destruction, or

(b) in whole, if title to, or the use of, all or a substantial portion of the Project has been taken under the exercise of the power of eminent domain by any governmental authority with the result that the Borrower is thereby prevented from carrying on its normal operation of the Project within the period and under the conditions described in the Mortgage.

(c) in whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to the Project are not applied to restoration of the Project in accordance with the provisions of the Mortgage, or

(d) in whole, on any Business Day on or after March 1, 2022 if the Bondholder Representative provides not less than 30 days' prior written notice to the Trustee and the Borrower that the Owners of all of the Bonds have elected to require the mandatory redemption of the Bonds

Such prepayment shall be due and payable by no later than 10 00 a m Central time at least one Business Day before the date fixed by the Trustee for redemption of the Bonds pursuant to Section 4 03 of the Indenture which date shall be communicated by the Trustee in writing to the Issuer, the Bondholders and the Borrower in accordance with the Indenture To the extent that the Borrower or the Trustee receive any insurance proceeds or condemnation awards that are to be applied to the prepayment of the Notes such amounts shall be applied to the prepayment of the Notes and the corresponding redemption of the Bonds

Section 2 12 Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds The Issuer and the Borrower acknowledge as follows (a) calculation of all interest payments shall be made by the Trustee in accordance with the Notes (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Trustee in accordance with the Mortgage and (c) deposits with respect to any replacement reserve funds shall be calculated by the Trustee in accordance with the Bond Documents In the event and to the extent that the Trustee, pursuant to the terms hereof shall determine at any time that there exists a deficiency in amounts previously owed but not paid with respect to deposits to such replacement reserve fund such deficiency shall be immediately due and payable hereunder

Section 2 13 Grant of Security Interest, Application of Funds To the extent not inconsistent with the Mortgage and as security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms conditions and provisions of the Bond Documents, the Borrower hereby pledges and assigns to the Trustee, as assignee of the Issuer, and grants to the Trustee a security interest in all the Borrower's right title and interest in and to all Rents and all payments to or moneys held in the funds and accounts created and held by the Trustee for the Project The Borrower also grants to the Trustee a continuing security interest in, and agrees to hold for the benefit of the Trustee, all Rents in its possession prior to the payment of Rents or any portion thereof to the Trustee (to the extent that the Borrower is required to pay such Rents to the Trustee) The Borrower shall not without obtaining the prior Written Consent of the Trustee further pledge, assign or grant any security interest in the Rents, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC financing statements except Permitted Encumbrances, and those naming the Trustee as the secured party, to be filed with respect thereto and with respect to any subordinate debt agreed to by the Trustee (as directed by the Bondholder Representative) and the Bondholder Representative This Loan Agreement is, among other things intended by the parties to be a security agreement for purposes of the UCC Upon the occurrence and during the continuance of a Loan Agreement Default hereunder, the Trustee shall apply or cause to be applied any sums held by the Trustee with respect to the Project in accordance with Section 9 04 of the Indenture

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3 01 Borrower Representations The Borrower represents and warrants for the benefit of the Issuer the Trustee and the Bondholder Representative as of the date of execution hereof, as follows

(a) **Organization, Special Purpose** The Borrower has been duly organized and is validly existing and in good standing under the laws of the State of Texas with requisite power and authority, and all material rights licenses permits and authorizations, governmental or otherwise necessary to own its properties and to transact business in the State The Borrower is duly qualified to do business and is in good standing in the State and each other jurisdiction where the failure to be so qualified would have a material adverse effect upon the Borrower The sole business of the Borrower is the ownership management and operation of the Project

(b) **Proceedings, Enforceability** The Borrower has taken all necessary action to authorize the execution delivery and performance of the Bond Documents to which it is a party This Loan Agreement has been, and each of the other Bond Documents to which the Borrower will be a party will be, duly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and general principles of equity

(c) **No Conflicts** The execution, delivery and performance of the Bond Documents to which the Borrower is a party will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien (other than pursuant to the Bond Documents) upon the Project or the Borrower pursuant to the terms of, any agreement or instrument to which the Borrower is a party or by which its property is subject nor will such action result in any violation of the provisions of any statute or any order rule or regulation of any Governmental Authority having jurisdiction over the Borrower or any of its properties The Borrower's rights under the Licenses and the Management Agreement will not be adversely affected by the execution and delivery of the Bond Documents to which the Borrower is a party, the Borrower's performance thereunder, the recordation of the Mortgage, or the exercise of any remedies by the Trustee and the Bondholder Representative Other than any filing or recording necessary to perfect any Lien created by any of the Bond Documents any consent approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution delivery and performance by the Borrower of the Bond Documents to which the Borrower is a party has been obtained and is in full force and effect

(d) **Litigation** There are no actions suits or other proceedings at law or in equity by or before any Governmental Authority now pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or the Project which would

materially adversely affect the condition (financial or otherwise) or business of the Borrower or the condition or ownership of the Project

(e) **Agreements** Except as contemplated by the Bond Documents, the Borrower is not a party to any agreement or instrument or subject to any restriction that would materially adversely affect the Borrower or the Project, or the Borrower's business properties, operations or condition, financial or otherwise. The Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Encumbrance or any other agreement or instrument to which it is a party or by which it or the Project is bound.

(f) **Title** The Borrower has good title to the Project, free and clear of all Liens except the Permitted Encumbrances. The Mortgage, when properly executed, acknowledged and recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (i) a valid, perfected first priority lien on the fee interest in the Project and (ii) perfected security interests in and to, and perfected collateral assignments of all personalty included in the Project (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. To the Borrower's best knowledge, the Permitted Encumbrances do not adversely affect the Borrower's ability to repay the Loan. To the Borrower's best knowledge, there are no delinquent real property taxes or assessments, including water and sewer charges, with respect to the Project or claims for payment for work, labor or materials affecting the Project that are or may become a Lien prior to or of equal priority with, the Liens created by the Bond Documents.

(g) **Survey** To the best knowledge of the Borrower, the survey for the Project delivered to the Bondholder Representative does not fail to reflect any material matter affecting the Project or the title thereto.

(h) **No Bankruptcy Filing** The Borrower is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property, and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it. The Borrower has the ability to pay its debts as they become due.

(i) **Full and Accurate Disclosure** No statement of fact made by the Borrower in any Bond Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein not misleading. There is no material fact or circumstance presently known to the Borrower that has not been disclosed to the Bondholder Representative that materially and adversely affects or, as far as the Borrower can foresee, would materially and adversely affect, the Project or the business, operations or condition (financial or otherwise) of the Borrower.

(j) **No Plan Assets** 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 of

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

(k) **Compliance** The Project and the use thereof will comply to the extent required, in all material respects with all applicable Legal Requirements The Borrower is not in default or violation of any order writ injunction decree or demand of any Governmental Authority, the violation of which would materially adversely affect the condition (financial or otherwise) or business of the Borrower There has not been committed by the Borrower or Affiliate involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof or any moneys paid in performance of the Borrower s obligations under any Bond Document or Loan Document

(l) **Contracts** All service maintenance or repair contracts to which the Borrower is a party and affecting the Project have been entered into at arm s length (except for any contract between the Borrower and an Affiliate and expressly disclosed to the Bondholder Representative) in the ordinary course of the Borrower s business and provide for the payment of fees in amounts and upon terms comparable to existing market rates

(m) **Financial Information** All financial data, including any statements of cash flow and income and operating expense that have been delivered to the Bondholder Representative in respect of the Project by or on behalf of the Borrower to the best knowledge of the Borrower (i) are true, complete and correct in all material respects, (ii) accurately represent the financial condition of the Project as of the date of such reports, and (iii) to the extent prepared by an independent certified public accounting firm have been prepared in accordance with the Approved Accounting Method consistently applied throughout the periods covered except as disclosed therein Other than pursuant to or permitted by the Bond Documents or the Loan Documents the Borrower has no contingent liabilities, unusual forward or long term commitments or unrealized or anticipated losses from any unfavorable commitments Since the date of such financial statements there has been no materially adverse change in the financial condition operations or business of the Borrower from that set forth in said financial statements

(n) **Condemnation** No Condemnation or other proceeding has been commenced or, to the Borrower s knowledge, is contemplated, threatened or pending with respect to all or part of the Project or for the relocation of roadways providing access to the Project

(o) **Federal Reserve Regulations** No part of the proceeds of the Loan will be used for the purpose of purchasing or 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 Legal Requirements or any Bond Document

(p) **Utilities and Public Access** To the best of the Borrower's knowledge the Project is served by water sewer, sanitary sewer and storm drain facilities adequate to service it for its intended uses All public utilities necessary or convenient to the full use and enjoyment of the Project are or will be located in the public right of way abutting the Project and all such utilities are or will be connected so as to serve the Project without passing over other property absent a valid easement All roads necessary for the use of the Project for its current purpose have been or will be completed and dedicated to public use and accepted by all Governmental Authorities The Project does not share ingress and egress through an easement or private road or share on site or off site recreational facilities and amenities that are not located on the Project and under the exclusive control of the Borrower, or where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement under which (i) access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual (ii) the number of parties sharing such easement and/or recreational facilities and amenities must be specified, (iii) the Borrower's responsibilities and share of expenses are specified and (iv) the failure to pay any maintenance fee with result to an easement will not result in a loss of usage of the easement

(q) **Not a Foreign Person** The Borrower is not a foreign person within the meaning of §1445(f)(3) of the Code

(r) **Separate Lots** Each parcel comprising the Project is a separate tax lot and is not a portion of any other tax lot that is not a part of the Project

(s) **Assessments** There are no pending or, to the Borrower's best knowledge proposed special or other assessments for public improvements or otherwise affecting the Project or any contemplated improvements to the Project that may result in such special or other assessments

(t) **Enforceability** The Bond Documents are not subject to and the Borrower has not asserted, any right of rescission, set-off, counterclaim or defense, including the defense of usury

(u) **Insurance** The Borrower has obtained the insurance required by Section 6.01 hereof and has delivered to the Bondholder Representative certificates of insurance reflecting the insurance coverages amounts and other requirements set forth in this Loan Agreement and the Mortgage

(v) **Use of Property, Licenses** The Project will be used exclusively as a multifamily residential rental project and other appurtenant and related uses, which use is consistent with the zoning classification for the Project All certifications, permits licenses and to the Borrower's best knowledge approvals, including certificates of completion and occupancy permits required for the legal use occupancy and operation of the Project (collectively, the Licenses) required at this time for the rehabilitation and equipping of the Project have been obtained To the Borrower's knowledge, all Licenses obtained by the Borrower have been validly issued and are in full force and effect Except as provided by law no Licenses will terminate, or become void or voidable or

terminable upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure sale under the Mortgage or deed in lieu of foreclosure thereunder. The Project does not violate any density or building setback requirements of the applicable zoning law. No proceedings are, to the best of the Borrower's knowledge, pending or threatened that would result in a change of the zoning of the Project.

(w) **Flood Zone** Either all Improvements have been constructed above the flood grade or the Borrower has obtained appropriate flood insurance as directed by the Bondholder Representative.

(x) **Physical Condition** The Project, including all Improvements, parking facilities, systems, fixtures, equipment and landscaping, are or, after completion of the construction and repairs, will be in good and habitable condition in all respects and in good order and repair in all material respects (reasonable wear and tear excepted). The Borrower has not received notice from any insurance company or bonding company of any defect or inadequacy in the Project or any part thereof, which would adversely affect its insurability or cause the imposition of extraordinary premiums or charges thereon or any termination of any policy of insurance or bond. The physical configuration of the Project is not in violation of the Americans with Disabilities Act, if required under applicable law.

(y) **Encroachments** All of the Improvements included in determining the appraised value of the Project will lie wholly within the boundaries and building restriction lines of the Project, and to the best of Borrower's knowledge, no improvement on an adjoining property encroaches upon the Project, and no easement or other encumbrance upon the Project encroaches upon any of the Improvements so as to affect the value or marketability of the Project except those insured against by the Title Insurance Policy.

(z) **Filing and Recording Taxes** All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Project to the Borrower have been paid. All mortgage recording stamp intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Bond Documents have been or will be paid.

(aa) **Investment Company Act** 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, or (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.

(bb) **Fraudulent Transfer** The Borrower has not accepted the Loan or entered into any Bond Document with the actual intent to hinder, delay or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations.

under the Bond Documents. Giving effect to the transactions contemplated by the Bond Documents, the fair saleable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Bond Documents, exceed the Borrower's total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower's assets is and will immediately following the execution and delivery of the Bond Documents, be greater than the Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. Borrower reasonably believes Borrower's assets do not and immediately following the execution and delivery of the Bond Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to and does not believe that it will incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

(cc) ***Ownership of the Borrower*** The Borrower has no obligation to any Person to purchase, repurchase or issue any ownership interest in it.

(dd) ***Environmental Matters*** Upon completion of rehabilitation except as disclosed in any environmental report provided to Issuer, Trustee or Bondholder, the Project will not be in violation of any Legal Requirement pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or clean up, and will comply with covenants and requirements relating to environmental hazards as set forth in the Mortgage.

(ee) ***Name, Principal Place of Business*** The Borrower does not use and will not use any trade name and has not done and will not do business under any name other than its actual name set forth herein. The principal place of business of the Borrower is its primary address for notices as set forth in Section 9.01 and the Borrower has no other place of business, other than the Project and such principal place of business.

(ff) ***Subordinated Debt*** There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than Permitted Encumbrances and the permitted secured indebtedness described in Section 5.08.

(gg) ***Filing of Taxes*** The Borrower has filed (or has obtained effective extensions for filing) all federal, state and local tax returns required to be filed and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments, if any, payable by the Borrower.

(hh) ***General Tax*** All representations, warranties and certifications of the Borrower set forth in the Regulatory Agreement and the Borrower's Tax Certificate are incorporated by reference herein and the Borrower will comply with such as if set forth herein.

(ii) ***Approval of the Indenture*** By its execution and delivery of this Loan Agreement, the Borrower approves the form and substance of the Indenture and the execution thereof by the Issuer and the Trustee and agrees to carry out the responsibilities and duties specified in the Indenture to be carried out by the Borrower. The Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the Bond Documents and other documents and instruments relating to the financing, (iii) it understands the risks inherent in such transactions including without limitation the risk of loss of the Project, and (iv) it has not relied on the Issuer, the Trustee or the Bondholder Representative for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Bond Documents or otherwise relied on the Issuer, the Trustee or the Bondholder Representative in any manner.

(jj) ***American with Disabilities Act*** The Project as designed, will conform in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project including, but not limited to, the Americans with Disabilities Act of 1990, to the extent required (as evidenced by an architect's certificate to such effect).

(kk) ***Requirements of Act and Code*** The Project satisfies all requirements of the Act and the Code with respect to multifamily rental housing.

(ll) ***Regulatory Agreement*** The Project is as of the date of issuance of the Bonds, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable, and 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 including all applicable requirements of the Act and the Code and pursuant to leases which comply with all applicable laws.

(mm) ***Intention to Hold Project*** The Borrower intends to hold the Project for its own account and has no current plans and has not entered into any agreement, to sell the Project or any part of it. The Borrower intends to occupy the Project or cause the Project to be occupied and to operate it or cause it to be operated at all times during the term of this Loan Agreement in compliance with the terms of the Regulatory Agreement and does not know of any reason why the Project will not be so used by it in the absence of circumstances not now anticipated by it or totally beyond its control.

(nn) ***Certain Federal Tax Matters***

(i) The Borrower is an organization exempt from federal income taxation as provided in section 501(a) of the Code by virtue of being an organization described in section 501(c)(3) of the Code,

(ii) The Borrower has not diverted a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes (A) for which it is organized or operated or (B) disclosed to the Internal Revenue Service.

in connection with the determination that the Borrower is an organization described in section 501(c)(3) of the Code (the Determination),

(iii) The Borrower has not operated during its five most recent fiscal years or the current fiscal year as of the date hereof in a manner that would result in it being classified as an action organization within the meaning of section 1 501(c)(3)-(1)(c)(3) of the Regulations including but not limited to promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities

(iv) With the exception of the payment of compensation (and the payment or reimbursement of expenses) which is not excessive and is for personal services which are reasonable and necessary to carrying out the purposes of the Borrower no individual who would be a foundation manager within the meaning of section 4946(b) of the Code with respect to the Borrower, nor any Person controlled by any such individual or individuals or any of their Affiliates nor any Person having a personal or private interest in the activities of the Borrower has acquired or received directly or indirectly any income or assets, regardless of form of the Borrower during the current fiscal year and the five fiscal years preceding the current fiscal year other than as reported to the Internal Revenue Service by the Borrower

(v) The Borrower is not a "private foundation" within the meaning of section 509(a) of the Code

(vi) The Borrower has not received any indication or notice whatsoever to the effect that its exemption under section 501(c)(3) of the Code has been revoked or modified or that the Internal Revenue Service is considering revoking or modifying such exemption and such exemption is still in full force and effect,

(vii) The Borrower has timely filed with the Internal Revenue Service all requests for determination reports and returns required to be filed by it and such requests for determination reports and returns have not omitted or misstated any material fact and has timely notified the Internal Revenue Service of any changes in its organization and operation since the date of the application for the Determination,

(viii) The Borrower has not devoted more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of section 501(c)(3) of the Code

(ix) The Borrower has not knowingly taken any action, nor does it know of any action that any other Person has taken nor does it know of the existence of any condition which would cause the Borrower to lose its exemption from taxation under section 501(a) of the Code or cause interest on the Series A Bonds to be includable in the income of the recipients thereof for federal income tax purposes

(x) Taking into account the respective Issue Prices of the respective stated maturity of the Series A Bonds, the average term of the Series A Bonds does not exceed 120% of the average reasonably expected economic life of the Project to be financed or refinanced by the Series A Bonds weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed directly or indirectly, with the Net Proceeds of the Series A Bonds For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (A) the Closing Date for the Bonds or (B) the date on which such property is placed in service (or expected to be placed in service) In addition, land shall not be taken into account in determining the reasonably expected economic life of property except that in the event 25% or more of the collective Net Proceeds of the Series A Bonds directly or indirectly, have been expended for land, such land shall be treated as having an economic life of 30 years and shall be taken into account for purposes of determining the reasonably expected economic life of such property

(xi) 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 their opinion with respect to the exclusion from gross income of the interest on the Series A Bonds for federal income tax purposes or counsel to the Borrower in rendering their opinion with respect to the status of the Borrower under section 501(c)(3) of the Code, 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

Section 3 02 Issuer Representations The Issuer makes the following representations as the basis for the undertakings on its part herein contained

(a) The Issuer is a housing finance corporation duly organized and existing under the laws of the State The Issuer has authorized the execution and delivery of this Loan Agreement and the Indenture

(b) The Issuer has determined that the Loan will further the purposes of the Act and will serve the public purposes of the Act referenced in the Resolution

(c) The Issuer has full power and authority to consummate all transactions contemplated by this Loan Agreement, the Bonds and the Indenture and any and all other agreements relating thereto

Section 3 03 Survival of Representations and Covenants All of the representations and warranties in Sections 3 01 and 3 02 and elsewhere in the Bond Documents (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing and

(ii) shall be deemed to have been relied upon by the Bondholder Representative and the Bondholders

ARTICLE IV

AFFIRMATIVE COVENANTS

During the term of this Loan Agreement, the Borrower hereby covenants and agrees with the Bondholders the Trustee the Bondholder Representative and the Issuer that

Section 4 01 Existence The Borrower shall (i) do or cause to be done all things necessary to preserve renew and keep in full force and effect its existence and its material rights, and franchises (ii) continue to engage in the business presently conducted by it, (iii) obtain and maintain all material Licenses and (iv) qualify to do business and remain in good standing under the laws of each jurisdiction, in each case where the failure to be so qualified would have a material adverse effect upon the Borrower

Section 4 02 Taxes and Other Charges The Borrower shall pay all Taxes and Other Charges as the same become due and payable in accordance with the Mortgage and except to the extent that the amount validity or application thereof is being contested in good faith as permitted by the Mortgage

Section 4 03 Repairs, Maintenance and Compliance, Physical Condition The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear excepted) as set forth in the Mortgage and shall not remove demolish or materially alter the Improvements (except for removal of aging non functioning or obsolete equipment or furnishings in the normal course of business) except as provided in the Mortgage After completion of repairs to the best of Borrower's knowledge no structural or other material defect or damages to the Project will exist

Section 4 04 Litigation To the best of Borrower's knowledge the Borrower shall give prompt Written Notice to the Issuer, the Trustee and the Bondholder Representative of any litigation governmental proceedings or claims or investigations regarding an alleged actual violation of a Legal Requirement pending or, to the Borrower's knowledge threatened against the Borrower which might materially adversely affect the Borrower's condition (financial or otherwise) or business or the Project

Section 4 05 Performance of Other Agreements The Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any agreement or instrument affecting or pertaining to the Project Additionally, by incorporation by reference the Borrower shall comply with the Issuer's Multifamily Rules, as amended, so long as Borrower is notified of and provided with such amendments and modifications

Section 4 06 Notices The Borrower shall promptly advise the Issuer the Trustee and the Bondholder Representative of (i) any material adverse change in the Borrower's condition, financial or otherwise other than general changes in the real estate market, (ii) any fact or

circumstance affecting the Borrower or the Project of which Borrower is aware that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any of the other Bond Documents to which it is a party in a timely manner, or (iii) the occurrence of any Default or Loan Agreement Default of which the Borrower has knowledge. The Borrower shall cause to be delivered to the Trustee and the Bondholder Representative any Securities and Exchange Commission or other public filings if any of the Borrower within two Business Days of such filing.

Section 4 07 Cooperate in Legal Proceedings The Borrower shall cooperate fully with the Trustee and the Bondholder Representative, with respect to, and permit the Trustee and the Bondholder Representative at their option to participate in any proceedings before any Governmental Authority that may in any way affect the rights of Bondholders under any Bond Document.

Section 4 08 Further Assurances The Borrower shall at the Borrower's sole cost and expense (except as provided in Section 8 01), (i) furnish to the Bondholder Representative all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, appraisals, title and other insurance reports and agreements, reasonably requested by the Bondholder Representative, (ii) execute and deliver to the Bondholder Representative, such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Bonds, as the Bondholder Representative may reasonably request from time to time, (iii) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Bond Documents, as the Bondholder Representative shall reasonably request from time to time, and (iv) upon the request therefor by the Bondholder Representative given from time to time after the occurrence of any Default or Loan Agreement Default for so long as such Default or Loan Agreement Default, as applicable, is continuing, pay for (a) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower and (b) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Bondholder Representative in each of the locations reasonably designated by the Bondholder Representative.

Section 4 09 Delivery of Financial Information The Borrower shall furnish or cause to be furnished the following financial information, at the Borrower's cost:

(a) [INTENTIONALLY DELETED]

(b) the Borrower shall furnish a quarterly income and expense statement for the Borrower for the periods January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31 within 60 days of the end of each such operating period each year during the term of the Loan,

(c) the Borrower shall furnish to the Bondholder Representative not less frequently than quarterly, an operating report and a current rent roll for the Project within 60 days after the end of the applicable quarter, in such detail as the Bondholder Representative may reasonably require,

(d) the Borrower shall furnish to the Bondholder Representative annual financial statements (containing a balance sheet, statement of income and expenses, and a cash flow statement, internally prepared in accordance with generally accepted accounting principles and audited by a certified public accountant selected by the Borrower and reasonably satisfactory to the Bondholder Representative) not later than 60 days following the end of the Borrower's fiscal years (commencing with fiscal year 20__). Such financial statements shall reflect total rental income separately from other income and total expenses in detail reasonably satisfactory to the Bondholder Representative and

(e) the Borrower shall furnish to the Bondholder Representative not later than 60 days following the end of each calendar year, (i) a Certification to Project Rent Roll in form acceptable to the Bondholder Representative which clearly identifies those units occupied by qualifying low income tenants and the actual rent being collected for those restricted units (ii) a statement that the Project is in ongoing compliance with all income occupancy and rent restrictions as required under the terms of the applicable restrictive covenants and/or Regulatory Agreement (attached to this statement must be a copy of the annual recertification of the Project's compliance from the Issuer. In the event that the annual recertification is not available from the Issuer, a detailed explanation as to why must be attached in its place)

In addition to the foregoing, the Borrower shall furnish to the Bondholder Representative such additional interim financial information as the Bondholder Representative may, from time to time, reasonably require. The covenants contained herein shall remain in effect throughout the term of the Loan.

After notice to the Borrower of a Secondary Market Transaction, the Borrower shall concurrently with any delivery to the Trustee or the Bondholder Representative deliver copies of all financial information required under the Mortgage or any additional information as may be reasonably requested by the Bondholder Representative to the Rating Agencies, the Bondholder Representative, any trustee or any other party reasonably requested by the Bondholder Representative. The Bondholder Representative will pay all costs of expenses related to such Secondary Market transaction.

Section 4 10 Environmental Matters So long as the Borrower owns or is in possession of the Project the Borrower shall (i) use all commercially reasonable efforts to keep the Project in compliance with all Hazardous Materials Laws (ii) promptly notify the Trustee the Issuer and the Bondholder Representative if the Borrower shall become aware that any Hazardous Materials (as defined in the Mortgage) are on the Project in violation of Hazardous Materials Laws, and (iii) commence and thereafter diligently prosecute to completion all remedial work necessary with respect to the Project required to be performed by the Borrower under any Hazardous Material Laws, in each case as set forth in the Mortgage.

Section 4 11 Title to the Project The Borrower will warrant and defend the title to the Project, and the validity and priority of the Lien of the Mortgage, subject only to Permitted Encumbrances, against the claims of all Persons.

Section 4 12 Estoppel Statcmnt The Borrower shall furnish to the Bondholder Representative for the benefit of the Issuer, the Trustee and the Bondholder within ten days after request by the Bondholder Representative a statement duly acknowledged and certified, setting forth (i) the unpaid principal of the Notes, (ii) the Note Rate (iii) the date installments of interest and/or principal were last paid, (iv) any offsets or defenses to the payment of the Borrower Payment Obligations, and (v) that the Bond Documents to which the Borrower is a party are valid, legal and binding obligations of the Borrower and have not been modified or, if modified giving particulars of such modification and whether any Event of Default exists thereunder

Section 4 13 Expenses The Borrower shall pay all reasonable expenses incurred by the Issuer the Trustee and the Bondholder Representative (except as provided in Section 8 01) in connection with the Bonds, including reasonable fees and expenses of the Issuer s, the Trustee s and the Bondholder Representative s attorneys environmental engineering and other consultants and fees charges or taxes for the recording or filing of Bond Documents The Borrower shall pay or cause to be paid all reasonable expenses of the Issuer, the Rebate Analyst the Trustee and the Bondholder Representative (except as provided in Section 8 01) in connection with the issuance or administration of the Bonds, including audit costs inspection fees, settlement of condemnation and casualty awards and premiums for title insurance and endorsements thereto The Borrower shall, upon request, promptly reimburse the Issuer, the Trustee and the Bondholder Representative for all reasonable amounts expended, advanced or incurred by the Issuer, the Trustee and the Bondholder Representative to collect the Notes, or to enforce the rights of the Issuer, the Trustee, and the Bondholder Representative under this Loan Agreement or any other Loan Document, or to defend or assert the rights and claims of the Issuer, the Trustee and the Bondholder Representative under the Bond Documents arising out of a Loan Agreement Default or with respect to the Project (by litigation or other proceedings) arising out of a Loan Agreement Default which amounts will include all court costs attorneys fees and expenses fees of auditors and accountants, and investigation expenses as may be reasonably incurred by the Issuer the Trustee and the Bondholder Representative in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the date of disbursement until the date of reimbursement to the Issuer, the Trustee and the Bondholder Representative, all of which shall constitute part of the Loan and shall be secured by the Bond Documents The obligations and liabilities of the Borrower under this Section 4 13 shall survive the Term of this Loan Agreement and the exercise by the Issuer, the Bondholder Representative or the Trustee, as the case may be, of any of its rights or remedies under the Bond Documents including the acquisition of the Project by foreclosure or a conveyance in lieu of foreclosure

Section 4 14 Indemnity

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, the City of Austin, Texas, the Trustee, the Servicer and the Bondholder Representative and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (each, an "Indemnified Party"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees and expenses, litigation and court costs, amounts paid in settlement (to the extent that the

Borrower has consented to such settlement) and amounts paid to discharge judgments) (hereinafter, the "Liabilities") to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to

(i) any breach by the Borrower of its obligations under, or any misrepresentation by the Borrower contained in any of the Bond Documents except as provided in Section 8.01

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project or the condition, environmental or otherwise, occupancy use, possession, conduct or management of work done in or about or from the planning, design, acquisition, installation, rehabilitation or construction of the Project or any part thereof

(iii) any lien (other than a Permitted Encumbrance) or charge upon payments by the Borrower to the Issuer and the Trustee hereunder, or any taxes (including without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project,

(iv) any violation of any environmental law, rule or regulation with respect to or the release of any toxic substance from, the Project or any part thereof prior to the date the Borrower acquired the Project and during the period that the Borrower owns the Project or is in possession thereof

(v) the enforcement of or any action taken by the Issuer, the Trustee or the Bondholder Representative related to remedies under this Loan Agreement, the Indenture and the other Bond Documents relating to a default by the Borrower

(vi) the defeasance and/or redemption in whole or in part, of the Bonds,

(vii) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any offering statement or document for the Bonds or any of the Bond Documents to which the Borrower is a party or any omission or alleged omission from any offering statement or document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading and

(viii) in the case of indemnification to the Issuer and the City of Austin, Texas and its respective officers, directors, members, officials, employees, attorney and agents only, the Bonds, the Notes, the Bond Documents or the

Project provided, however, nothing in this clause (viii) or any other clause of this Section 4.14 shall require the Borrower to indemnify the Issuer for the payment of principal of, premium, if any, or interest on the Bonds.

(b) In the case of the foregoing indemnification of the Bondholder Representative and the Trustee or any related Indemnified Party, the Borrower will have no indemnification obligation under (a) above to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party or any breach by such party of its obligations under any of the Bond Documents. In the case of the foregoing indemnification of the Bondholder Representative or any related Indemnified Party, the Borrower will have no indemnification obligations under (a) above to the extent such damages are caused by any untrue statement or misleading statement of a material fact by such Indemnified Party contained in any offering statement or any omission or alleged omission from any such offering statement of any material fact necessary to be stated therein in order to make the statements made therein by such Indemnified Party not misleading. In the case of the foregoing indemnification of the Issuer or any related Indemnified Party, they shall be indemnified by the Borrower with respect to Liabilities arising from their own negligence or breach of contractual duty, but not for any Liabilities arising from the Issuer's own bad faith, fraud or willful misconduct. 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 (which notice shall be timely given so as not to materially impair the Borrower's right to defend) shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party 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 Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld or delayed. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof, provided however the Issuer has the absolute right to employ separate counsel at the expense of the Borrower. The Borrower shall pay the reasonable fees and expenses of such separate counsel provided however that such Indemnified Party other than the Issuer may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good faith judgment (based on the written advice of counsel) a conflict of interest exists by reason of common representation except that the Borrower shall always pay the reasonable fees and expenses of the Issuer's counsel.

(c) Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Loan Agreement or 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 the Issuer, the Trustee and the Bondholder Representative have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

(d) The provisions of this Section shall survive the termination of this Loan Agreement and the Regulatory Agreement

Section 4 15 No Warranty of Condition or Suitability by the Issuer The Issuer makes no warranty either express or implied, as to the condition of the Project or that it will be suitable for the Borrower s purposes or needs

Section 4 16 Right of Access to the Project The Borrower agrees that the Issuer the Trustee, the Bondholder Representative and their duly authorized agents attorneys experts, engineers accountants and representatives shall have the right but no obligation at all reasonable times during normal business hours and upon reasonable notice to enter onto the Land (i) to examine, test and inspect the Project without material interference or prejudice to the Borrower s operations or any tenant s occupancy, and (ii) to perform such work in and about the Project made necessary by reason of the Borrower's default under any of the provisions of this Loan Agreement The Issuer, the Trustee, the Bondholder Representative and their duly authorized agents attorneys, accountants and representatives shall also be permitted, without any obligation to do so, at all reasonable times and upon reasonable notice during normal business hours to examine the books and records of the Borrower with respect to the Project

Section 4 17 Tax Covenants The Borrower covenants to refrain from any action which would adversely affect and to take such action as may be necessary to assure the treatment of the Series A Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the Holders thereof for purposes of federal income taxation In particular but not by way of limitation thereof the Borrower covenants as follows

(a) Maintenance of Exempt Status The Borrower will (i) conduct its operations in a manner that will result in its continued qualification as an organization described in section 501(c)(3) of the Code as described in this Agreement and (ii) timely file or cause to be filed all materials, returns reports and other documents which are required to be filed with the Internal Revenue Service

(b) Diversion of Funds for Unrelated Purposes The Borrower will not divert a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized and operated as described in this Agreement

(c) Ownership of Project The Borrower shall (or shall cause one or more other political subdivisions or agencies of a state, instrumentalities thereof or organizations described in section 501(c)(3) of the Code, which are exempt from federal income taxes under section 501(a) of the Code (Exempt Persons) to) own all portions of the Project at all times prior to the final maturity of the Series A Bonds

(d) Limit on Costs of Issuance The proceeds of the Series A Bonds will be expended for the purposes set forth in this Agreement and in the Indenture and no portion thereof in excess of 2% of the proceeds of the Series A Bonds, within the meaning of section 147(g) of the Code, will be expended to pay Costs of Issuance

(e) Limit on Private Business Use The Borrower shall not use (or permit the use of) any proceeds of the Series A Bonds, or any income from the investment thereof or any property financed or refinanced with such proceeds or income in any trade or business carried on by any Person which is not an Exempt Person or in any unrelated trade or business as defined in section 513(a) of the Code of an Exempt Person or permit the direct or indirect loan of any such proceeds, income or property to any Person other than an Exempt Person or to any Person which is an Exempt Person for use in an unrelated trade or business, as defined in section 513(a) of the Code if the amount of such proceeds income or property so used or loaned or portions thereof so used in the aggregate, when added to the Costs of Issuance financed, directly or indirectly, with Series A Bond proceeds exceeds 5% of the Net Proceeds of the Series A Bonds For purposes of this subsection property is considered to be used by a Person if

(i) it is sold or otherwise disposed of, or leased, to such Person,

(ii) it is operated, managed, or otherwise physically employed, utilized, or consumed by such Person, excluding operation or management pursuant to an agreement which meets the guidelines set forth in Revenue Procedure 97-13 including any amendments or revisions thereto,

(iii) capacity in or output or service from such property is reserved or committed to such Person under a take or pay, output, incentive payment, or similar contract or arrangement

(iv) such property is used to provide service to (or such service is committed to or reserved for) such Person on a basis or terms which are different from the basis or terms on which such service is provided (or committed or reserved) to members of the public generally, or

(v) substantial benefits and burdens of ownership of such property are otherwise effectively transferred to such Person, but the investment of amounts held for the credit of any fund or account established under the Indenture relating to the Series A Bonds in accordance with the applicable provisions thereof shall not constitute use of property or a loan of proceeds For purposes of this subsection proceeds are considered to be "loaned" to a Person if

(vi) property financed or refinanced with proceeds of the Series A Bonds or any income from the investment thereof is sold or leased to such Person in a transaction which creates a debt for federal income tax purposes,

(vii) capacity in or service from such property is committed to such Person under a take-or pay, output, or similar contract or arrangement or

(viii) indirect benefits or burdens and benefits of ownership, of such property are otherwise transferred to such Person in a transaction which is the economic equivalent of a loan, and the amount of any such loan is the cost of

such property financed or refinanced with proceeds or investment income of the Series A Bonds

(f) RESERVED

(g) Prohibited Facilities The Borrower shall not use or permit the use of any proceeds of the Series A Bonds or any income from the investment thereof to provide any airplane skybox, or other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises

(h) Prohibited Act With Respect to Gross Proceeds The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Series A Bonds or of any amounts expected to be used to pay the principal thereof or the interest thereon which if taken or omitted, respectively would cause any Series A Bond to be classified as an 'arbitrage bond' within the meaning of section 148 of the Code

(i) Encumbrances Except as provided in the Indenture, the Mortgage and this Agreement, the Borrower shall 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 this Agreement relating to the Series A Bonds shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of Series A Bonds unless in each case in the opinion of Bond Counsel such action will not adversely affect the excludability of interest on any Series A Bond from the gross income, as defined in section 61 of the Code of the owner thereof for federal income tax purposes

(j) Investment of Gross Proceeds The Borrower shall not at any time prior to the final maturity of the Series A Bonds, direct or permit the Trustee to invest Gross Proceeds in any Permitted Investment (or to use Gross Proceeds to replace money so invested) if as a result of such investment the Yield of all Permitted Investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Series A Bonds to stated maturity, except as permitted by section 148 of the Code and Regulations thereunder or as provided in the Borrower Tax Certificate, which is based on certain representations and certifications of the Borrower with respect to the Series A Bonds

(k) Maintaining of Tax Exempt Status of the Series A Bonds Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder the Borrower shall not take or omit to take any action which would cause the Series A Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder

(l) Prohibited Investments of Gross Proceeds The Borrower shall not direct or instruct the Trustee to invest Gross Proceeds of the Series A Bonds in any manner which is inconsistent with the Indenture

(m) Covenant Regarding Tax-Exempt Status of the Series A Bonds

(i) The Issuer and the Borrower covenant to restrict the use and investment of Gross Proceeds in such manner and to such extent as may be necessary so that the Series A Bonds will not constitute arbitrage bonds under section 148 of the Code. Any authorized representative of the Issuer and the Borrower having responsibility with respect to the issuance of the Bonds is authorized and directed, alone or in conjunction with any other official, employee or consultant of the Issuer and the Borrower to give an appropriate certificate on behalf of the Issuer and the Borrower, for inclusion in the transcript of proceedings for the Series A Bonds, setting forth the facts, estimates and circumstances and reasonable expectations pertaining to section 148 of the Code and to the extent applicable, section 147(b) of the Code.

(ii) The Borrower shall immediately remit to the Trustee for deposit in the Rebate Fund any deficiency with respect to the Rebate Amount as required by the Indenture.

(iii) The Issuer and the Borrower agree to provide to the Trustee, at such time as required by the Trustee, all information required by the Trustee with respect to Nonpurpose Investments (as defined in section 1.148-1(b) of the Regulations) not held in any fund under the Indenture.

In furtherance of such intention the Issuer hereby authorizes and directs the general manager to the Issuer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(n) Allocation of, and Limitation on Expenditures for the Project The Issuer and the Borrower covenant to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in the Indenture (each such purpose referred to therein and hereof as a Project) on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made or (2) the Project is completed. The foregoing notwithstanding, the Issuer and the Borrower shall not expend sale proceeds or investment earnings thereon more than 60 days after the later of (1) the fifth anniversary of the delivery of the Series A Bonds, or (2) the date the Series A Bonds are retired unless the Issuer obtains an opinion of nationally recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Series A Bonds. For purposes hereof the Issuer and the Borrower shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(o) Disposition of Project The Issuer and the Borrower covenant that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer and the Borrower of cash or other compensation unless the Issuer and the Borrower obtain an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax exempt status of the Series A Bonds

(p) Qualified Residential Rental Project The Borrower hereby covenants and agrees that the Project will be operated as a "qualified residential rental project" within the meaning of sections 142(d) and 145(d) of the Code on a continuous basis during the longer of the Qualified Project Period or the period during which any Series A Bond remains outstanding to the end that the interest on the Series A Bonds shall be excluded from gross income for federal income tax purposes. In particular, the Borrower covenants and agrees, for the longer of the Qualified Project Period or the period during which any Series A Bonds remain outstanding as follows

(i) that the Project qualifies as residential rental property and will be owned, managed and operated at all times during the term specified above as a qualified residential rental project comprised of residential dwelling units and facilities functionally related and subordinate thereto in accordance with sections 142(d) and 145(d) of the Code

(ii) that the Project consists of one building or structure or several proximate and interrelated buildings or structures each of which is a discrete edifice or other man-made construction consisting of an independent foundation, outer walls and a roof and all of which (A) are located on a single tract of land or two or more parcels of land that are contiguous (i.e. their boundaries meet at one or more points) except for the interposition of a road, street, stream or similar property (B) are owned by the same person for federal tax purposes, and (C) were financed pursuant to a common plan

(iii) that substantially all of the Project consists of similarly constructed dwelling units together with functionally related and subordinate facilities for use by Project tenants, such as swimming pools, other recreational facilities, parking areas, heating and cooling equipment, trash disposal equipment, units for resident managers or maintenance personnel and other facilities that are reasonably required for the Project,

(iv) that each dwelling unit in the Project contains 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

(v) that each dwelling unit in the Project has been and will be rented or available for rental on a continuous basis to members of the general public at all

times during the term specified above (unless occupied by or reserved for a resident manager or maintenance personnel) and that the Borrower will not give preference in renting Project dwelling units to any particular class or group of persons other than Low Income Tenants and other eligible tenants as provided herein

(vi) that at no time during the term specified above will any dwelling unit in any building or structure in the Project which contains fewer than five units be occupied by the Borrower

(vii) that the land and the facilities are functionally related and subordinated to the dwelling units comprising the Project and are of size and character which is commensurate with the size and number of such dwelling units

(q) Qualified Project Period The Borrower and the Issuer hereby elect to apply the requirements of section 142(d)(1)(B) of the Code to the Project. The Borrower hereby represents covenants and agrees, continuously during the Qualified Project Period as follows

(i) at least 20% of the units (the Set Aside) within the Project (and any other building which is comprised of similarly constructed units is owned by the Borrower for federal income tax purposes, is located on the same or contiguous tract which is not separated from the Project except by a road, street stream or similar property and is financed by the Series A Bonds) which are available for occupancy shall be occupied for a term of not less than 32 consecutive days by or if vacant, last occupied for a period of not less than 32 consecutive days by one or more individuals which at the time of their initial occupancies of such units were a Low Income Tenant at Affordable Rents, and

(ii) the Borrower will maintain complete and accurate records pertaining to Low Income Tenants and file all documents as required by section 142(d) of the Code and the Regulatory Agreement

Although the parties hereto recognize that the provisions of this Agreement terminate upon the payment in full of the Series A Bonds the parties hereto recognize that the requirements stated in this section shall continue in effect until the termination of the Qualified Project Period or until no Series A Bonds remain outstanding whichever occurs later, and the requirements in this Section 4.17 shall continue in effect until the termination of the Qualified Project Period. Notwithstanding the foregoing, the requirements hereof shall terminate in the event of an involuntary noncompliance caused by fire seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in federal law or an action of a federal agency which prevents the Issuer from enforcing the requirement or condemnation or similar event but only if (i) within a reasonable period, either the Series A Bonds are retired in full or the amounts received as a consequence of such event are used to provide a qualified residential rental project that meets the requirements of sections 142(d) and 145(d) of the Code, as the same may be amended from

time to time, and (ii) in the case of foreclosure, transfer of title by deed in lieu of foreclosure or similar event neither the Borrower nor any related person within the meaning of section 147(a)(2) of the Code, obtains an ownership interest in the Project for tax purposes at any time during that part of the Qualified Project Period subsequent to such event

(r) Borrower Notice to Trustee The Borrower further covenants and agrees to prepare and submit to the Trustee and the Issuer 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 shall be in recordable form

(s) Reliance on Borrower Certifications 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 Series A Bonds

Section 4 18 Covenants under Indenture The Borrower will fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Indenture to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Indenture to perform The foregoing will not apply to any duty or undertaking of the Issuer, which by its nature cannot be delegated or assigned

Section 4 19 Notice of Default The Borrower will advise the Issuer the Trustee and the Bondholder Representative promptly by Written Notice of the occurrence of any Default or Loan Agreement Default of which it has knowledge specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto

Section 4 20 Covenant with Bondholders The Issuer and the Borrower agree that this Loan Agreement is executed and delivered in part to induce the purchase by others of the Bonds and, accordingly all covenants and agreements of the Issuer and the Borrower contained in this Loan Agreement are hereby declared to be for the benefit of the Trustee, the Bondholder Representative, and the Holders of the Bonds from time to time Notwithstanding the foregoing, the Bondholder's rights to enforce this provision of this Loan Agreement are governed by the terms of the Indenture

Section 4 21 Covenant to Provide Ongoing Disclosure In the event that the Bonds become subject to Rule 15c2 12 of the Securities and Exchange Commission (the Rule), the Borrower shall enter into a written undertaking for the benefit of the Holders to provide for the continuing disclosure of information about the Bonds, the Borrower and other matters as may be required to cause compliance with the Rule Failure of the Borrower to comply with the Rule shall not be a default under the Indenture, this Loan Agreement or any of the other Bond Documents, provided however, the Borrower acknowledges that the Issuer the Trustee or any

Bondholder shall be entitled to bring an action for specific performance to cause the Borrower to comply with the covenant set forth in this Section

Section 4 22 Obligation of the Borrower to Complete the Project The Borrower shall proceed with reasonable dispatch to rehabilitate the Project. If amounts on deposit in the Project Fund designated for the Project and available to be disbursed to the Borrower are not sufficient to pay the costs of the rehabilitation of the Project, the Borrower shall pay such *additional costs from its own funds*. The Borrower shall not be entitled to any reimbursement from the Issuer, the Trustee, the Bondholder Representative or any Bondholder in respect of any such costs or to any diminution or abatement in the repayment of the Loan. The Issuer shall not be liable to the Borrower, the Bondholders or any other person if for any reason the Project is not completed or if the proceeds of the Loan are insufficient to pay all costs of the Project. The Issuer does not make any representation or 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 Bondholders or any other person if for any reason the Project is not completed.

Section 4 23 Surplus Cash Usage (a) The Borrower covenants that it shall use Surplus Cash solely for Special Projects and shall cause to be included in its annual audited financial statement or such other document supplied by an independent certified public accountant an itemized statement of the date the Surplus Cash was used, the Special Project for which the Surplus Cash was used, and in the case of tangible property, the location of such property (the *Surplus Cash Statement*). The Borrower shall not be in default of the covenants set forth in this section if Surplus Cash continues to be identified as an asset in the audited financial statement, provided however that the Borrower covenants that it will expend all Surplus Cash on Special Projects within three (3) years of the discharge of all Bonds in accordance with the terms of the Indenture. Furthermore, in the event that the Borrower has expended more than Surplus Cash on Special Projects with revenues of the Project, then there shall be an equitable adjustment in succeeding year to offset the excess use of Project revenues on Special Projects.

(b) In the event Surplus Cash Statement shows that Surplus Cash was used for purposes other than Special Projects, the Borrower shall increase the amount of Surplus Cash for the next succeeding fiscal year by decreasing the agreed upon return on Gross Revenues by the amount of Surplus Cash that was used for purposes other than Special Projects. In the event that the Surplus Cash Statement for such next succeeding fiscal year shows that Surplus Cash was used for purposes other than Special Projects, the Borrower shall in the next succeeding fiscal year make a payment to the Issuer out of Surplus Cash for such fiscal year in the amount of the non-Special Project uses reported in the immediately preceding Surplus Cash Statements.

(c) The Issuer, the Borrower, and the Trustee agree that (i) failure by the Borrower to abide by the covenants in this section shall not constitute an Event of Default, but that the Issuer may seek a mandamus action in a court of competent jurisdiction and (ii) money held in the Trust Estate or otherwise used to pay principal and interest on the Bonds, to fund reserves herein or pay Operating Expenses shall not be used for any payment relating to this section.

ARTICLE V

NEGATIVE COVENANTS

Until the end of the Term without the prior written consent of the Bondholder Representative which shall not be unreasonably withheld, delayed or conditioned, the Borrower covenants and agrees that it will not, directly or indirectly

Section 5 01 Management Agreement Bondholder Representative has consented to the Management Agreement, and the Borrower shall not, without the Bondholder Representative's prior consent (which consent shall not be unreasonably withheld, delayed or conditioned) and further subject to the Regulatory Agreement (i) surrender, terminate or cancel the Management Agreement or otherwise replace the Manager or enter into any other management agreement (ii) waive or release in any material respect any of its rights and remedies under the Management Agreement

Section 5 02 Liens Without the Bondholder Representative's prior Written Consent create, incur, assume, permit or suffer to exist any mechanic's materialmen's or other Lien on any portion of the Project, except Permitted Encumbrances, unless such Lien is bonded or discharged within 30 days after the Borrower first receives notice of such Lien or unless the Borrower is contesting such Lien in accordance with the Mortgage

Section 5 03 Dissolution Dissolve or liquidate, in whole or in part, merge with or consolidate into another Person

Section 5 04 Change in Business or Operation of Property Enter into any line of business other than the ownership and operation of the Project or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business and activities incidental or related thereto or otherwise cease to operate the Project as a multifamily residential rental project or terminate such business for any reason whatsoever (other than temporary cessation in connection with construction of the Project)

Section 5 05 Debt Cancellation Cancel or otherwise forgive or release any claim or debt owed to the Borrower by a Person, except for adequate consideration or in the ordinary course of the Borrower's business in its reasonable judgment

Section 5 06 Assets Purchase or own any real property or personal property incidental thereto other than the Project

Section 5 07 Transfers Make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Mortgage, nor transfer any material License required for the operation of the Project

Section 5 08 Debt Create, incur or assume any indebtedness for borrowed money, secured by all or any portion of the Project (including subordinate debt), or any partnership interest in the Borrower other than the Borrower Payment Obligations and secured indebtedness incurred pursuant to or permitted by the Bond Documents

Section 5 09 Assignment of Rights Without the Bondholder Representative's prior Written Consent, attempt to (i) assign the Borrower's rights or interest under any Bond Document in contravention of any Bond Document, or (ii) surrender the Borrower's fee interest in the Land

Section 5 10 Principal Place of Business Change its principal place of business without providing 30 days' prior Written Notice of the change to the Trustee and the Bondholder Representative

Section 5 11 Borrower's Organizational Documents Except to effect transfers to which the Bondholder Representative has consented or which are permitted pursuant to the Mortgage the Borrower shall not without the Bondholder Representative's prior Written Consent (which consent shall not be unreasonably withheld) surrender, terminate or cancel, its articles of incorporation or by laws

Section 5 12 ERISA Maintain sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of the Borrower to, maintain sponsor, contribute to or become obligated to contribute to, any Plan or permit the assets of the Borrower to become plan assets' whether by operation of law or under regulations promulgated under ERISA

ARTICLE VI

INSURANCE, CASUALTY, AND CONDEMNATION

Section 6 01 Insurance The Borrower, at its sole cost for the mutual benefit of the Borrower and the Trustee as representative of the Bondholders shall obtain and maintain during the Term the policies of insurance required by Section 2 03 of the Mortgage All policies of insurance required pursuant to this Section shall conform to the requirements set forth in the Mortgage The Borrower shall deliver to the Bondholder Representative a certificate(s) of insurance within 30 days after its effective date

Section 6 02 Casualty If the Project is damaged or destroyed in whole or in part by fire or other casualty the Borrower shall give prompt Written Notice thereof to the Trustee the Issuer and the Bondholder Representative

Section 6 03 Condemnation The Borrower shall promptly after obtaining knowledge thereof, give the Issuer, the Trustee and the Bondholder Representative Written Notice of the actual or threatened commencement of any Condemnation proceeding affecting the Project and shall deliver to the Issuer the Trustee and the Bondholder Representative copies of any and all papers served in connection with such Condemnation

ARTICLE VII

DEFAULTS

Section 7 01 Loan Agreement Defaults Each of the following events shall constitute a 'Loan Agreement Default'

(a) failure by the Borrower to make any Loan Payment or Additional Payment within five days after the date such payment is due

(b) failure by the Borrower to prepay the Notes on the date such payment is due as required by Section 2.11,

(c) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsections (a) or (b) above) required to be paid by the Borrower under this Loan Agreement, the Notes, the Mortgage or any of the other Bond Documents including a failure to repay any amounts that have been previously paid but are recovered attached or enjoined pursuant to any insolvency receivership, liquidation or similar proceedings, which default remains uncured for a period of five days after Written Notice thereof shall have been given to the Borrower

(d) a Transfer other than a transfer permitted under the Mortgage occurs

(e) any representation or warranty made by the Borrower in any Bond Document to which it is a party or in any report certificate, financial statement or other instrument, agreement or document furnished by the Borrower in connection with any Bond Document shall be false or misleading in any material respect as of the Closing Date

(f) the Borrower shall make a general assignment for the benefit of creditors, or shall generally not be paying its debts as they become due,

(g) an Act of Bankruptcy with respect to the Borrower,

(h) an event of default of the Borrower as defined or described in any other Bond Document to which the Borrower is a party occurs and any applicable notice and or cure period has expired or

(i) the Borrower shall continue to be in Default under any of the other terms covenants or conditions of this Loan Agreement (other than paragraphs (a) through (h) above) for 30 days after notice from the Trustee or the Bondholder Representative in the case of such other Default, provided, however that if such other Default under this paragraph (i) is susceptible of cure but cannot reasonably be cured within such 30 day period, and the Borrower shall have commenced to cure such Default within such 30 day period and thereafter diligently and expeditiously proceeds to cure the same, such 30-day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed 60 days

After a Responsible Officer of the Trustee obtains actual knowledge of the occurrence of a Loan Agreement Default, the Trustee shall give Written Notice thereof to the Issuer, the Borrower and the Bondholder Representative

Section 7 02 Remedies

(a) **Acceleration** Upon the occurrence of a Loan Agreement Default (other than a Loan Agreement Default described in paragraph (f) or (g) of Section 7 01) and at any time and from time to time thereafter, as long as such Loan Agreement Default continues to exist in addition to any other rights or remedies available to the Trustee pursuant to the Bond Documents or at law or in equity the Trustee shall at the Written Direction of the Bondholder Representative, take such action, without notice or demand, as the Bondholder Representative deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Borrower Payment Obligations to be immediately due and payable (including without limitation, the principal of Prepayment Premium, if any, and interest on and all other amounts due on the Notes to be immediately due and payable) without notice or demand, and apply such payment of the Borrower Payment Obligations to the redemption of the Bonds pursuant to Section 4 04 of the Indenture and upon any Loan Agreement Default described in paragraph (f) or (g) of Section 7 01, the Borrower Payment Obligations shall become immediately due and payable at the Bondholder Representative's election in the Bondholder Representative's sole discretion (as the case may be) without notice or demand and the Borrower hereby expressly waives any such notice or demand, anything contained in any Bond Document to the contrary notwithstanding Notwithstanding anything herein to the contrary the Bondholder Representative shall control the enforcement of the remedies hereunder and under the Indenture

(b) **Remedies Cumulative** Upon the occurrence of a Loan Agreement Default all or any one or more of the rights, powers, privileges and other remedies available to the Trustee against the Borrower under the Bond Documents or at law or in equity may be exercised by the Trustee, at the Written Direction of the Bondholder Representative at any time and from time to time whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Trustee the Bondholder Representative shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Bond Documents Any such actions taken by the Trustee or the Bondholder Representative shall be cumulative and concurrent and may be pursued independently singly, successively, together or otherwise, at such time and in such order as the Bondholder Representative may determine in its sole discretion, to the fullest extent permitted by law without impairing or otherwise affecting the other rights and remedies of the Trustee or the Bondholder Representative permitted by law, equity or contract or as set forth in the Bond Documents Without limiting the generality of the foregoing, the Borrower agrees that if a Loan Agreement Default is continuing, all Liens and other rights, remedies or privileges provided to the Trustee and Bondholder Representative shall remain in full force and effect until they have exhausted all of their remedies, the Mortgage has been foreclosed the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations has been paid in full To the extent permitted by applicable law nothing contained in any Bond Document shall be construed as requiring the Trustee or the Bondholder Representative to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the

Trustee or Bondholder Representative may seek satisfaction out of the entire Property or any part thereof, in its absolute discretion

(c) ***Delay*** No delay or omission to exercise any remedy right, power accruing upon a Loan Agreement Default, or the granting of any indulgence or compromise by the Trustee or the Bondholder Representative shall impair any such remedy, right or power hereunder or be construed as a waiver thereof but any such remedy right or power may be exercised from time to time and as often as may be deemed expedient A waiver of one Default or Loan Agreement Default shall not be construed to be a waiver of any subsequent Default or Loan Agreement Default or to impair any remedy right or power consequent thereon Notwithstanding any other provision of this Loan Agreement, the Trustee and the Bondholder Representative reserve the right to seek a deficiency judgment or preserve a deficiency claim in connection with the foreclosure of the Mortgage to the extent necessary to foreclose on other part of the Project the Rents the funds or any other collateral

(d) ***Bondholder Representative's and Trustee's Right to Perform the Obligations*** If the Borrower shall fail, refuse or neglect to make any payment or perform any act required of it by the Bond Documents, then while any Loan Agreement Default exists and without notice to or demand upon the Borrower and without waiving or releasing any other right remedy or recourse the Trustee or the Bondholder Representative may have because of such Loan Agreement Default, the Trustee or the Bondholder Representative may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the Borrower and shall have the right to enter upon the Project for such purpose and to take all such action thereon and with respect to the Project as it may deem necessary or appropriate If the Trustee or the Bondholder Representative shall elect to pay any sum due with reference to the Project the Trustee or the Bondholder Representative may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof Similarly in making any payments to protect the security intended to be created by the Bond Documents, the Trustee or the Bondholder Representative shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance claim or charge before making an advance for the purpose of preventing or removing the same All sums paid by the Trustee or the Bondholder Representative pursuant to this Section 7 02, and all other sums expended by the Trustee or the Bondholder Representative to which any of them shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid shall constitute additions to all amounts payable with respect to the Bonds, shall be secured by the Bond Documents and shall be paid by the Borrower to the Trustee or the Bondholder Representative upon demand

(e) ***Trustee's Exercise of the Issuer's Remedies*** Whenever any Loan Agreement Default shall have occurred and be continuing, the Trustee may at the Written Direction of the Bondholder Representative but shall not be obligated to, exercise any or all of the rights of the Issuer under this Article, upon notice as required of the Issuer unless the Issuer has already given the required notice In addition, the Trustee shall have

available to it all of the remedies prescribed by the Indenture. Notwithstanding anything herein to the contrary, the Issuer may not exercise any remedies available to the Issuer against the Borrower under the Bond Documents or at law or in equity in order to enforce its Unassigned Issuer's Rights, other than the remedy of specific performance, without the consent of the Bondholder Representative.

(f) ***Assumption of Obligations*** If the Trustee, the Bondholders or the Bondholder Representative or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and assume the obligations of the Borrower under this Loan Agreement, the Notes, the Regulatory Agreement, and any other Bond Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower. It is the intention of the parties hereto that upon the occurrence and continuance of a Loan Agreement Default, rights and remedies may be pursued pursuant to the terms of the Bond Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Trustee, the Bondholder, the Bondholders or their respective assignees or designees becomes the owner of the Project and assumes the obligations identified above, and the Notes, the Bonds and the other Bond Documents remain outstanding.

(g) ***Right to Directly Enforce*** Notwithstanding any other provision hereof to the contrary, the Bondholder Representative, shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Issuer or the Trustee, provided that only the Issuer may enforce the Unassigned Issuer's Rights and the Trustee may enforce its Mortgagee Retained Rights (as defined in the Mortgage). If any of the provisions set forth in this Section 7.02(g) are inconsistent with the covenants, terms and conditions of the Mortgage, the covenants, terms and conditions of the Mortgage shall prevail.

ARTICLE VIII

SPECIAL PROVISIONS

Section 8.01 Cooperation in Sale of Notes and Secondary Market Transaction At the Bondholder Representative's Written Request (to the extent not already required to be provided by the Borrower under this Loan Agreement), the Borrower shall use reasonable efforts, at no cost or expense to Borrower, to satisfy the market standards to which the Bondholder Representative customarily adheres or which may be reasonably required in the marketplace or by the Bondholder Representative in connection with one or more sales or assignments of all or a portion of the Bonds or participations therein or securitizations of single or multi class securities secured by or evidencing ownership interests in all or a portion of the Bonds (each such sale, assignment and/or securitization, a Secondary Market Transaction).

ARTICLE IX

MISCELLANEOUS

Section 9 01 Notices All notices consents approvals and requests required or permitted hereunder or under any other Bond Document (a "notice ") shall be given in the manner and under the conditions set forth in the Indenture, addressed to the appropriate party at the address set forth in Section 13 01 of the Indenture

Section 9 02 Brokers and Financial Advisors The Borrower hereby represents that it has dealt with no financial advisors brokers, underwriters placement agents, agents or finders in connection with the Loan, other than those disclosed to the Bondholder Representative and whose fees shall be paid by the Borrower pursuant to a separate agreement The Borrower and the Bondholder Representative shall indemnify and hold the other harmless from and against any and all claims liabilities costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein The provisions of this Section 9 02 shall survive the expiration and termination of this Loan Agreement and the repayment of the Borrower Payment Obligations

Section 9 03 Survival This Loan Agreement and all covenants agreements representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Issuer of the Loan and the execution and delivery to the Issuer of the Notes and the assignment of the Notes by the Issuer to the Trustee and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid All the Borrower's covenants and agreements in this Loan Agreement shall inure to the benefit of the respective legal representatives successors and assigns of the Issuer the Bondholder Representative or the Trustee on behalf of the Bondholders

Section 9 04 Governing Law This Loan Agreement shall be governed by the laws of the State

Section 9 05 Modification, Waiver in Writing No modification amendment extension discharge termination or waiver of any provision of this Loan Agreement or of any other Bond Document, nor consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given Except as otherwise expressly provided herein, no notice to or demand on the Borrower shall entitle the Borrower to any other or future notice or demand in the same, similar or other circumstances

Section 9 06 Delay Not a Waiver Neither any failure nor any delay on the part of the Trustee or the Bondholder Representative in insisting upon strict performance of any term, condition covenant or agreement, or exercising any right, power remedy or privilege hereunder, or under any other Bond Document shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right power, remedy or privilege In particular and not by way of limitation by accepting

payment after the due date of any amount payable under any Bond Document, the Trustee and the Bondholder Representative shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under the Bond Documents, or to declare a Loan Agreement Default for failure to effect prompt payment of any such other amount

Section 9 07 Trial by Jury The Borrower hereby agrees not to elect a trial by jury of any issue triable of right by jury and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to the Bond Documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by the Borrower, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. The Trustee and the Bondholder Representative is each hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the Borrower. This Section in no way affects the right of the Issuer to elect a trial by jury.

Section 9 08 Headings The Section headings in this Loan Agreement are included herein for convenience of reference only and shall not constitute a part of this Loan Agreement for any other purpose.

Section 9 09 Severability Wherever possible, each provision of this Loan Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Loan Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement.

Section 9 10 Preferences The Trustee shall have the continuing and exclusive right to apply or reverse and reapply in accordance with the Bond Documents any and all payments by the Borrower to any portion of the Borrower Payment Obligations. To the extent the Borrower makes a payment to the Trustee or the Trustee receives proceeds of any collateral which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside 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 cause, then to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Trustee.

Section 9 11 Waiver of Notice The Borrower shall be entitled to any notices from the Issuer, the Bondholder Representative or the Trustee with respect to matters for which this Loan Agreement or any other Bond Document specifically and expressly provides for the giving of notice by the Issuer, the Bondholder Representative or the Trustee, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Issuer, the Bondholder Representative or the Trustee as the case may be with respect to any matter for which no Bond Document specifically and expressly provides for the giving of notice by the Issuer, the Bondholder Representative or the Trustee to the Borrower and which are reasonably related to the Bond

Documents and the actions contemplated thereby would have a material adverse effect on the Borrower

Section 9 12 Publicity The Bondholder Representative shall have the right to issue press releases, advertisements and other promotional materials describing the Bondholder Representative's participation in the purchasing of the Bonds or the Bonds' inclusion in any Secondary Market Transaction effectuated by the Bondholder Representative or one of its Affiliates

Section 9 13 No Usury The Borrower, the Issuer and the Trustee intend at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits a party to contract for charge, take, reserve or receive a greater amount of interest than under state law) and that this Section 9 13 shall control every other agreement in the Bond Documents. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under the Notes or any other Bond Document, or contracted for charged taken reserved or received with respect to the Borrower Payment Obligations, or if the Trustee's acceleration of the maturity of the Loan or any prepayment by the Borrower or any premium or Late Charge results in the Borrower having paid any interest in excess of that permitted by applicable law then it is the parties' express intent that all excess amounts theretofore collected by the Trustee shall be credited against the unpaid Principal and all other elements of the Borrower Payment Obligations (or if the Borrower Payment Obligations has been or would thereby be paid in full refunded to the Borrower), and the provisions of the Bond Documents immediately be deemed reformed and the amounts thereafter collectible thereunder reduced without the necessity of the execution of any new document so as to comply with the applicable law but so as to permit the recovery of the fullest amount otherwise called for thereunder. All sums paid or agreed to be paid to the Trustee for the use, forbearance or detention of the Loan shall to the extent permitted by applicable law, be amortized prorated, allocated and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding. Notwithstanding anything to the contrary contained in any Bond Document it is not the intention of the Trustee to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

Section 9 14 Construction of Documents The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Bond Documents and that the Bond Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 9 15 No Third Party Beneficiaries The Bond Documents are solely for the benefit of Bondholders the Issuer, the Trustee the Bondholder Representative and the Borrower and nothing contained in any Bond Document shall be deemed to confer upon anyone other than the Bondholders the Issuer, the Trustee the Bondholder Representative and the Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 9 16 Assignment The Bonds, the Mortgage, the Bond Documents and all Bondholder s rights, title, obligations and interests therein may be assigned by the Bondholder Representative at any time in its sole discretion whether by operation of law (pursuant to a merger or other successor in interest) or otherwise and Borrower shall be provided written notice of same on or before the effective date of the assignment Upon such assignment all references to Bondholder in this Loan Agreement and in any Bond Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Bondholder Representative or subsequent Bondholders The Borrower may not assign its rights, interests or obligations under this Loan Agreement or under any of the Bond Documents except only as may be expressly permitted hereby or by the other Bond Documents

Section 9 17 COMPLETE AND CONTROLLING AGREEMENT THIS AGREEMENT AND THE OTHER BOND DOCUMENTS TO WHICH THEY ARE PARTIES COMPLETELY SETS FORTH THE AGREEMENT BETWEEN THE ISSUER AND THE BORROWER AS TO THE MATTERS COVERED BY THIS AGREEMENT AND FULLY SUPERSEDES ALL PRIOR AGREEMENTS, BOTH WRITTEN AND ORAL, BETWEEN THE ISSUER AND THE BORROWER RELATING TO ALL SUCH MATTERS THE TERMS AND PROVISIONS OF THIS AGREEMENT MAY BE AMENDED OR SUPERSEDED ONLY BY A WRITTEN INSTRUMENT (SUBJECT TO THE PROVISIONS OF ARTICLE XI OF THE INDENTURE) AND NO ORAL AGREEMENTS, PRACTICES, STANDARDS OR OTHER EXTRINSIC COMMUNICATIONS OR FACTS SHALL HAVE ANY BEARING ON THE INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT EXCEPT AS OTHERWISE EXPRESSLY AGREED TO IN WRITING BY THE ISSUER AND THE BORROWER

Section 9 18 Consents Wherever in this Loan Agreement it is provided that the Issuer or the Trustee shall, may or must give its approval or consent, or execute supplemental agreements or schedules, the Issuer or the Trustee may not unreasonably or arbitrarily withhold delay or refuse, unreasonably condition such approvals or consents

Section 9 19 Issuer, Trustee and Bondholder Representative Not in Control, No Partnership None of the covenants or other provisions contained in this Loan Agreement shall, or shall be deemed to give the Issuer, the Trustee or the Bondholder Representative the right or power to exercise control over the affairs or management of the Borrower the power of the Issuer, the Trustee and the Bondholder Representative being limited to the rights to exercise the remedies referred to in the Bond Documents The relationship between the Borrower and the Issuer the Trustee the Bondholder Representative and the Bondholders is and at all times shall remain solely that of debtor and creditor No covenant or provision of the Bond Documents is intended, nor shall it be deemed or construed to create a partnership joint venture, agency or common interest in profits or income between the Borrower and the Issuer, the Trustee the Bondholder Representative or any Bondholder or to create an equity interest in the Project in the Issuer, the Trustee the Bondholder Representative or any Bondholder Neither the Issuer, the Trustee the Bondholder Representative nor any Bondholder undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Loan, except as expressly provided in the Bond Documents and notwithstanding any other

provision of the Bond Documents (1) the Issuer, the Trustee the Bondholder Representative and the Bondholders are not and shall not be construed as, a partner, joint venturer, alter ego manager controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members or partners and the Issuer, the Trustee the Bondholder Representative and the Bondholders do not intend to ever assume such status, (2) the Issuer, the Trustee the Bondholder Representative and the Bondholders shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower, and (3) the Issuer the Trustee, the Bondholder Representative and the Bondholders shall not be deemed responsible for or a participant in any acts omissions or decisions of the Borrower or its stockholders, members or partners The Issuer, the Trustee the Bondholder Representative, the Bondholders and the Borrower disclaim any intention to create any partnership, joint venture agency or common interest in profits or income between the Issuer the Trustee, the Bondholder Representative the Bondholders and the Borrower or to create an equity interest in the Project in the Issuer the Trustee, the Bondholder Representative or the Bondholders or any sharing of liabilities losses, costs or expenses

Section 9 20 Time of the Essence Time is of the essence with respect to this Loan Agreement

Section 9 21 References to Bondholder Representative The provisions of Section 13 05 of the Indenture pertaining to the Bondholder Representative are incorporated by reference herein

Section 9 22 Release The Borrower hereby acknowledges that it is executing this Loan Agreement and each of the Bond Documents to which it is a party as its own voluntary act free from duress and undue influence

Section 9 23 Assignments to Trustee It is understood and agreed that all right, title and interest of the Issuer in and to this Loan Agreement (other than the Unassigned Issuer s Rights) are to be pledged and assigned by the Issuer to the Trustee in trust as security for the Bonds under and pursuant to the Indenture The Borrower consents to such pledge and assignment The Issuer directs the Borrower, and the Borrower agrees, to pay or cause to be paid to the Trustee at its corporate trust office set forth in Section 13 01 of the Indenture, all payments so assigned pursuant to this Section

Section 9 24 Term of Loan Agreement This Loan Agreement shall be in full force and effect until no Bonds are Outstanding under the Indenture and all Bond Obligations and other payment obligations of the Borrower hereunder have been paid in full or the payment thereof has been provided for, except that on and after payment in full of the Notes this Loan Agreement shall be terminated without further action by the parties hereto provided, however that the obligations of the Borrower under Sections 3 01(hh) 3 01(ll) 3 01(mm), 4 10 4 13, 4 14, 4 17 and 9 27 shall survive the termination of this Loan Agreement

Section 9 25 Reimbursement of Expenses If, upon or after the occurrence of any Loan Agreement Default or Default, the Issuer the Trustee or the Bondholder Representative shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will

on demand therefor reimburse the Issuer, the Trustee and the Bondholder Representative for reasonable fees of such attorneys and such other reasonable expenses so incurred. The Borrower's obligation to pay the amounts required to be paid hereunder and under Section 2.06 hereof shall be subordinate to its obligations to make payments under the Notes.

Section 9.26 Execution in Several Counterparts. This Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

ARTICLE X

LIMITATIONS ON LIABILITY

Section 10.01 Limitations on Liability. Notwithstanding anything to the contrary herein, the liability of the Borrower hereunder and under the other Bond Documents and the Loan Documents shall be limited to the extent set forth in Section 9 of the Notes, which is incorporated by reference herein and made a part hereof, and except as otherwise provided in Section 9 of the Notes, the Borrower shall not have any personal liability for the amounts payable under the Bond Documents or the Loan Documents, provided that such limitation shall not apply to the Borrower in connection with the Borrower's failure to make any payment with respect to (i) any Rebate Amount or (ii) the indemnification provisions of Section 4.14. None of the above limitations on the personal liability of the Borrower shall modify, diminish or discharge the personal liability of any guarantor. Nothing herein or in the Notes shall be deemed to be a waiver of any right which the Issuer, the Trustee, the Bondholder Representative or the Bondholders may have under Sections 506(a), 506(b), 1111(b) or any other provision of the United States Bankruptcy Code, as such sections may be amended, or corresponding or superseding sections of the Bankruptcy Amendments and Federal Judgeship Act of 1984, to file a claim for the full amount due to the Issuer, the Trustee, the Bondholder Representative or the Bondholders under the Bond Documents or to require that all collateral shall continue to secure the amounts due under the Bond Documents.

Section 10.02 Limitation on Liability of Bondholder Representative's Officers, Employees, Etc. Any obligation or liability whatsoever of the Bondholder Representative that may arise at any time under this Loan Agreement or any other Loan Document shall be satisfied, if at all, out of the Bondholder Representative's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Bondholder Representative's managers, shareholders, directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

Section 10.03 Limitation on Liability of the Issuer. The Bond Obligations are payable solely and only from the special funds pledged for the benefit of the Bondholders pursuant to the Indenture. The Bonds and the interest thereon and premium, if any, do not represent or constitute an indebtedness of the Issuer, the State or any other political subdivision of the State within the meaning of the provisions of the constitution or statutes of the State or a pledge of the faith and credit of the Issuer, the State or any other political subdivision of the State. The Bonds are a limited obligation of the Issuer payable solely and only out of payments

by the Borrower pursuant to this Loan Agreement and the Notes. The Bonds are not a lien or charge upon the funds or Property of the Issuer, except to the extent of the aforementioned. No recourse shall be had for the payment of the Bond Obligations against any elected or appointed director, member, officer, official, employee or agent of the Issuer or any person executing the Bonds.

Section 10.04 Delivery of Reports, Etc. The delivery of reports, information and documents to the Issuer as provided herein is for informational purposes only and the Issuer's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Issuer shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Loan Agreement against the Issuer.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be duly executed as of the date first written above

AUSTIN HOUSING FINANCE
CORPORATION

By _____
Name _____
Title _____

SAN ANTONIO ALTERNATIVE HOUSING
CORPORATION NO 15

By _____
Name _____
Title _____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

After Recording Return To

McCall, Parkhurst & Horton L L P
717 North Harwood, Suite 900
Dallas, Texas 75201
Attention Mark A Malveaux

REGULATORY AND LAND USE RESTRICTION AGREEMENT

Among

AUSTIN HOUSING FINANCE CORPORATION,
as Issuer,

AMERICAN NATIONAL BANK,
as Trustee,

and

SAN ANTONIO ALTERNATIVE HOUSING CORPORATION NO 15
(a Texas non-profit corporation),
as Owner

Dated as of May 1, 2007

Relating to

\$9,375,000
Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Meadowood Apartments Project)
Series 2007A

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REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (this "Agreement" or this "Regulatory Agreement") dated as of May 1, 2007 is among the AUSTIN HOUSING FINANCE CORPORATION, a housing finance corporation duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the "Issuer"), AMERICAN NATIONAL BANK, a national banking association organized and existing under the laws of the United States of America, as trustee (together with any successor or trustee under the Indenture (as defined below), and their respective successors and assigns, the "Trustee") under the hereinafter-defined Indenture, and SAN ANTONIO ALTERNATIVE HOUSING CORPORATION NO 15, a Texas non-profit corporation (together with its permitted successors and assigns, the "Owner"),

WITNESSETH

WHEREAS, pursuant to the Act (as hereinafter defined), the Issuer is authorized to issue one or more series of its revenue bonds and to loan the proceeds thereof to finance the acquisition, construction and equipping of residential rental housing for persons of low and moderate income, and

WHEREAS, the Owner has requested the assistance of the Issuer in financing a multifamily residential rental housing project located on the real property described in Exhibit A hereto (the "Project Site") and described in Exhibit B hereto (the "Project Facilities" and, together with the Project Site, the "Project"), and, as a condition to such financial assistance, the Owner has agreed to enter into this Regulatory Agreement, setting forth certain restrictions with respect to the Project, and

WHEREAS, the Issuer has determined to assist in the financing of the Project by issuing Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Meadowood Apartments Project) Series 2007A in the aggregate principal amount of \$9,375,000 (the "Bonds"), and making a mortgage loan to the Owner of such principal amount, upon the terms and conditions set forth in the Loan Agreement (as hereinafter defined),

WHEREAS, in order for interest on the Bonds to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and the income tax regulations (including temporary, proposed and final regulations) and rulings with respect to the Code, and in order to comply with the requirements of the Act, relating to the Bonds, the use and operation of the Project must be restricted in certain respects, and

WHEREAS, the Issuer, the Trustee and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Project and in order to ensure that the Project will be acquired, constructed, equipped, 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 Owner hereby agree as follows

Section 1 Definitions and Interpretation In addition to terms defined above, capitalized terms shall have the respective meanings assigned to them in this Section 1 or the Indenture unless the context in which they are used clearly requires otherwise

"Act" means the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended

"Affiliated Party" means a partner of the Owner, a person whose relationship with the Owner would result in a disallowance of losses under section 267 or 707(b) of the Code or a person who, together with the Owner, is a member of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein)

"Affordable Rents" means rent paid by a tenant of a residential unit in a multi-family residential development such that the gross monthly rent of the residential unit, after deduction of the monthly value of any in-kind services (including, without limitation, utilities) provided to a tenant, does not exceed 30% of the gross family monthly income of the tenant occupying such residential unit. This determination shall be made in accordance with procedures established by the Issuer and (a) at the time of initial occupancy of the residential unit and (b) at the time of each increase of the gross monthly rent with respect to such residential unit

"Agreement" or "Regulatory Agreement" means this Regulatory and Land Use Restriction Agreement, as it may be amended from time to time

"Anticipated Annual Income" means the anticipated annual income of a person (together with the anticipated annual income of all persons who intend to reside with such person in one Unit), as determined in accordance with Section 1.167(k)-3(b)(3) of the Regulations (prior to its withdrawal by T.D. 8473, April 27, 1993) or with such other Regulations as may be imposed pursuant to section 142(d) of the Code

"Compliance Monitoring Report" means the certified residential rental housing program compliance report to be filed by the Owner with the Issuer and the Trustee pursuant to Section 4(b)(iv) hereof and the Loan Agreement with respect to the Project, in substantially the form attached hereto as Exhibit D, or in such other form as the Issuer may reasonably prescribe

"Computation Date" means each Installment Computation Date and the Final Computation Date

"Eligible Tenants" means persons of low and moderate income whose adjusted gross income, together with the adjusted gross income of all persons who intend to reside with those persons in one dwelling unit, did not for the preceding tax year exceed the maximum amount constituting moderate income under the Issuer's rules, resolutions relating to the issuance of bonds, or financing documents relating to the issuance of bonds, which as of the date hereof, is 80% of median family income

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel, addressed to the Issuer and the Trustee, to the effect that the action to be taken will not adversely affect the excludability of interest on the Bonds from gross income for federal tax purposes

"Final Computation Date" means the date the last Bond is discharged

"Gross Proceeds" means any Proceeds and any Replacement Proceeds of the Bonds

"Indenture" means the Trust Indenture of even date herewith by and between the Issuer and the Trustee, relating to the issuance of the Bonds, and any indenture supplemental thereto

"Inducement Date" means November 29, 2001

"Installment Computation Date" means the last day of each Rebate Year commencing December 31, 2007, and the date on which the final payment in full of all Outstanding Bonds is made

"Investment" has the meaning set forth in section 1 148-1(b) of the Regulations

"Investment Proceeds" means any amounts actually or constructively received from investing Proceeds

"Issue Price" means "issue price" as defined in sections 1273 and 1274 of the Code, unless otherwise provided in Sections 1 148-0 through 1 148-11 of the Regulations and, generally, is the aggregate initial offering price to the public (excluding bond houses, brokers and other intermediaries acting in the capacity of wholesalers or underwriters) at which a substantial amount of each maturity of Bonds is sold

"Loan" means the loan to be made to the Owner pursuant to the Promissory Note, the Mortgage and the Loan Agreement

"Loan Agreement" means the Loan Agreement of even date herewith among the Issuer and the Owner, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Indenture

"Low-Income Tenants" means persons whose aggregate Anticipated Annual Income does not exceed 50% of the Median Gross Income for the Area For purposes of this definition, the occupants of a Unit shall not be deemed to be Low-Income Tenants if all the occupants of such Unit at any time are "students", as defined in section 151(c)(4) of the Code, no one of whom is entitled to file a joint return under section 6013 of the Code

"Low-Income Unit" means a Unit which is included as a Unit satisfying the requirements of the Set Aside

"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 Housing and Urban Development, under Section 8 of the United States Housing Act of 1937, as amended (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

"Net Proceeds" means any Net Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds

"Net Sale Proceeds" means the Sale Proceeds of the Bonds less any such proceeds deposited into a Reasonably Required Reserve or Replacement Fund under section 148(d) of the Code

"Nonpurpose Investments" means any "investment property," within the meaning of section 148(b) of the Code, acquired with the Gross Proceeds of the Bonds

"Owner Representative" means any Person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such Person and signed on behalf of the Owner by the General Partner, which certificate may designate an alternate or alternates

"Person" means any individual, entity, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds

"Project" means the Project Facilities and the Project Site

"Project Costs" means, to the extent authorized by the Act, any and all costs incurred by the Owner with respect to the acquisition, construction, rehabilitation and equipping, as the case may be, of the Project, whether paid or incurred prior to or after the date of this Regulatory Agreement, 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, contractor's and Owner's overhead and supervisor's fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof

"Project Facilities" means the multifamily housing set forth in Exhibit B hereto

"Project 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

"Promissory Note" means the Multifamily Note executed by the Borrower in favor of the Issuer and assigned to the Trustee, evidencing the Loan

"Qualified Project Costs" means the Project Costs incurred no earlier than 60 days prior to the Inducement Date (or which are qualifying preliminary expenditures) and no earlier than three years prior to the date reimbursed with Proceeds, but in no event shall such costs have been incurred with respect to a portion of the Project that is placed in service, within the meaning of Section 1502 of the Regulations, earlier than 18 months prior to the date the related costs are reimbursed with Proceeds, provided that such costs are chargeable to a capital account with respect to the Project for Federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Owner or but for the proper election by the Owner to deduct those amounts, provided, however, that, if any portion of the Project is being constructed by the Owner or an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" shall include only (a) the actual out-of-pocket costs incurred by the Owner or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Owner or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Owner or such Affiliated Party which are directly attributable to the work performed on the Project and shall 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 construction of the Project or payments received by such Affiliated Party

due to early completion of the Project (or any portion thereof) Qualified Project Costs do not include Costs of Issuance

"Qualified Project Period" means, with respect to the Project, the period beginning on the closing date and ending on the later of (i) the date which is 20 years after the closing date, or (ii) the first date on which no tax-exempt bond issued with respect to the Project is outstanding

"Reasonably Required Reserve or Replacement Fund" means any fund described in section 148(d) of the Code, provided that the amount thereof allocable to the Bonds invested at a Yield materially higher than the Yield on the Bonds does not exceed 10% of the proceeds of the Bonds, within the meaning of section 148(d) of the Code, and does not exceed the size limitations in Section 1 148-2(f)(2)(ii) of the Regulations

"Rebate Amount" has the meaning ascribed 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 In the case of any Spending Exception Issue, the "Rebate Amount" as of any Computation Date shall be limited to the "Rebate Amount" attributable to any Reasonably Required Reserve or Replacement Fund

"Regulations" means the applicable proposed, temporary or final Income Tax 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

"Replacement Proceeds" has the meaning set forth in Section 1 148-1(c) of the Regulations

"Sale Proceeds" means any amounts actually or constructively received from the sale (or other disposition) of any Bond, 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 Bond and that is described in Section 1 148-4 of the Regulations

"Set Aside" has the meaning assigned to such term in Section 2(i) hereof

"Spending Exception Issue" means any issue of Bonds that meets either the six month exception or the 18-month exception set forth in section 1 148-7 of the Regulations

"Stated Maturity," when used with respect to the Promissory Note or the Bonds or any installment of interest thereon, means any date specified in the Promissory Note or the Bonds as a fixed date on which the principal of the Loan or the Bonds or a portion thereof or such installment of interest is due and payable

"Tax Letter of Representation" means the Owner's Tax Letter of Representation dated the Closing Date, executed by the Owner and addressed to the Issuer and Bond Counsel

"Tenant Income Certification" means a certification as to income and other matters executed by the household members of each tenant in the Project, in substantially the form of Exhibit C attached hereto, or in such other form as reasonably may be required by the Issuer all in satisfaction of the requirements of Regulations Section 1 167(k)-3(b)(3) (prior to its withdrawal by T D 8473, April 27,

1993) and other regulations of the Issuer and as described in Section 4(b)(11), including the Tenant Income Certification Form as set forth in Exhibit C

"Transferred Proceeds" means, with respect to any portion of the Bonds that is a refunding issue, proceeds that have ceased to be proceeds of a refunded issue and are transferred proceeds of the refunding issue by reason of Section 1 148-9 of the Regulations

"Unit" means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation located within the Project

"Yield" means yield as determined in accordance with section 148(h) of the Code, and generally, is the yield which when used in computing the present worth of all payments of principal and interest to be paid on an obligation produces an amount equal to the Issue Price of such obligation

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender, and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed 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 shall 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 shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise

Section 1A Acquisition, Construction and Equipping of the Project The Owner hereby represents, as of the date hereof, covenants and agrees as follows

- (a) The Owner has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the development of the Project, pursuant to which the Owner is or will be obligated to expend at least 5 percent of the Sale Proceeds of the Bonds
- (b) The Owner's reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project are accurately set forth in the Tax Letter of Representation
- (c) The Owner has commenced or will commence the acquisition, construction and equipping of the Project and will proceed with due diligence to complete the same
- (d) The Owner reasonably expects to expend not less than 85 percent of the Sale Proceeds of the Bonds for Project Costs prior to the date that is three years after the Closing Date
- (e) The statements made in the various certificates delivered by the Owner to the Issuer, Bond Counsel and/or the Trustee are true and correct in all material respects

(f) The Owner will submit, or cause to be submitted, to the Trustee, on or before the date of each disbursement of Proceeds of the Bonds from the Construction Fund, if any, held by the Trustee under the Indenture, a requisition in substantially the form required by the Loan Agreement, duly executed by an Owner Representative and certifying that the full amount of such disbursement will be applied to pay or to reimburse the Owner for the payment of Project Costs and that, after taking into account the proposed disbursement, the aggregate disbursements from the Loan Account of the Project Fund will have been applied to pay or to reimburse the Owner for the payment of Qualified Project Costs in an amount equal to 95 percent or more of the aggregate disbursements from such fund

(g) [Reserved]

(h) The Owner (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the Proceeds of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Loan Agreement or this Regulatory Agreement. The Owner 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 Owner and the Project

Section 2 Tax-Exempt Status of the Bonds The Owner shall 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 the gross income of the holders of the Bonds, as defined in section 61 of the Code, for Federal income tax purposes. With the intent not to limit the generality of the foregoing, the Owner 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 to the effect that failure to comply with any such covenant or agreement, in whole or in part, will not adversely affect the exclusion from gross income for Federal income tax purposes of interest paid or payable on the Bonds

(a) The Owner's use of the Net Proceeds of the Bonds shall at all times satisfy the following requirements

(i) At least 95 percent of the Net Proceeds of the Bonds shall be used to pay Qualified Project Costs that are costs of a "qualified residential rental project" (within the meaning of sections 142(a)(7), 142(d) and 145(d) of the Code and section 1 103-8(b)(4) of the Regulations) and property that is "functionally related and subordinate" thereto (within the meaning of Sections 1 103-8(a)(3) and 1 103-8(b)(4)(iii) of the Regulations), all of which costs shall be properly chargeable to the Project's capital account or would be so chargeable either with a proper election by the Owner or but for a proper election by the Owner to deduct such amounts

(ii) Reserved

(iii) Reserved

(iv) The Owner covenants and agrees that the Costs of Issuance financed with the proceeds of the Bonds shall not exceed 2 percent of the Sale Proceeds

(v) The Owner shall not use or permit the use of any Net Proceeds of the Bonds or any income from the investment thereof to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or any store the

principal business of which is the sale of alcoholic beverages for consumption off premises

(b) The Owner shall not take any action or omit to take any action with respect to the Gross Proceeds of the Bonds which, if taken or omitted, respectively, would cause any Bond to be classified as an "arbitrage bond" within the meaning of section 148 of the Code

(c) Except as provided in the Indenture and the Loan Documents, the Owner shall 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 relating to the Bonds, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of Bonds, unless prior to taking any action described in this subsection (c), the Owner has obtained and delivered to the Trustee a Favorable Opinion of Bond Counsel

(d) The Owner shall 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 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 or as provided in the No-Arbitrage Certificate dated the Closing Date delivered by the Issuer with respect to the Bonds

(e) Except to the extent permitted by section 149(b) of the Code, neither the Issuer nor the Owner shall take or omit to take any action which would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code

(f) (i) Unless the Owner delivers a Favorable Opinion of Bond Counsel that the Owner needs to comply with this subsection, the Owner shall cause to be delivered, to the Trustee, within 25 days after each Computation Date

(A) a statement of the Rebate Amount as of such Computation Date, and

(B) (1) 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% of the Rebate Amount as of such Installment Computation Date, less any "previous rebate payments" made to the United States (as that term is used in the Regulations), or (2) 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 as of such Final Computation Date, less any "previous rebate payments" made to the United States (as that term is used in the Regulations), and

(C) an Internal Revenue Service Form 8038-T properly signed and completed as of such Computation Date

The foregoing notwithstanding, the Owner shall not be required to deliver the foregoing to the Trustee if the Owner certifies that the Bonds are excepted from the requirements of section 148(f) of the Code

(ii) If the Owner shall discover or be notified as of any date

(A) that any amount required to be paid to the United States pursuant to this Section and the Indenture has not been paid as required, or

(B) that any payment paid to the United States pursuant to this Section the Indenture shall have failed to satisfy any requirement of the Regulations (whether or not such failure shall be due to any default by the Owner or the Trustee),

the Owner shall

(X) deliver to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States from the Rebate Fund (I) the Rebate Amount that the Owner failed to pay, plus any interest, specified in the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (II) if such correction payment is not delivered to and received by the Trustee within 175 day after such discovery or notice, the amount determined in accordance with clause (I) of this subparagraph (X) plus the 50 percent penalty required by the Regulations, and

(Y) deliver to the Trustee an Internal Revenue Service Form 8038-T properly signed and completed as of such date

(iii) The Owner shall retain all of its accounting records relating to the funds established under the Indenture and all calculations made in preparing the statements described in this Section for at least six years after the date the last Bond is discharged

(iv) The Owner agrees to pay all of the fees and expenses of the Rebate Analyst, which may be Bond Counsel, a certified public accountant and any other necessary consultant employed by the Owner or the Trustee in connection with computing the Rebate Amount

(g) The Owner covenants and agrees that not more than 50 percent of the Proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code, and the Owner reasonably expects that at least 85 percent of the spendable Proceeds of the Bonds will be used to carry out the governmental purposes of such issue of Bonds within the three-year period beginning on the Closing Date

(h) The Owner hereby covenants and agrees that the Project will be operated as a "qualified residential rental project" within the meaning of sections 142(a)(7), 142(d), 145(d) of the Code and section 1.103-8(b)(4) of the Regulations, on a continuous basis during the longer of the Qualified Project Period or the period during which any Bond remains outstanding, to the end that the interest on the Bonds shall be excluded from gross income for federal income tax purposes. In particular, the Owner covenants and agrees, and will cause the Manager to covenant and agree for the longer of the Qualified Project Period or the period during which any Bonds remain outstanding, as follows:

(i) The Project qualifies as residential rental property and will be owned, managed and operated at all times during the term specified above as a qualified residential rental project comprised of residential dwelling units and facilities functionally related and subordinate thereto, in accordance with section 142(d) of the Code,

(ii) The Project will consist of one building or structure or several proximate and interrelated buildings or structures, each of which will be a discrete edifice or other man-made construction consisting of an independent foundation, outer walls and a roof, and all of which (A) will be located on a single tract of land or two or more parcels of land that are contiguous (i.e., their boundaries meet at one or more points) except for the interposition of a road, street, stream or similar property, (B) are owned by the same person for Federal tax purposes, and (C) were financed pursuant to a common plan,

(iii) Substantially all of the Project will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Project tenants, such as swimming pools, other recreational facilities, parking areas, heating and cooling equipment, trash disposal equipment, units for resident managers, security personnel or maintenance personnel and other facilities that are reasonably required for the Project,

(iv) Each Unit in the Project 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 will be separate and distinct from other Units,

(v) Each Unit in the Project will be rented or available for rental on a continuous basis to members of the general public at all times during the term specified above (unless occupied by or reserved for a resident manager, security personnel or maintenance personnel) and that the Owner will not give preference in renting Project Units to any particular class or group of persons, other than Low-Income Tenants as provided herein,

(vi) At no time during the term specified above will any Unit in any building or structure in the Project which contains fewer than five Units be occupied by the Owner,

(vii) At no time during the term specified above will any of the Units in the Project be utilized on a transient basis by being leased or rented for a period of less than thirty days or by being used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer park or trailer court,

(viii) The land and the facilities will be functionally related and subordinate to the Units comprising the Project and will be of size and character which is commensurate with the size and number of such Units, and

(i) The Owner hereby represents, covenants and agrees, continuously during the Qualified Project Period, as follows

(i) Twenty percent (20%) of the Units (except for manager, security personnel and maintenance units that are reasonably required for the Project) (the "Set Aside") within the Project (and any other building which is comprised of similarly constructed Units, will be owned by the Owner for federal income tax purposes, will be located on the same or contiguous tract that is not separated from the Project except by a road, street, stream, or similar property, and is financed by the Bonds) that are available for occupancy, including expiration or lawful termination of an existing lease, shall be occupied or held vacant and available for occupancy at all times by Low-Income Tenants at Affordable Rents. For the purposes of this subparagraph (i), a vacant Unit which 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 shall be redetermined

(ii) The Owner shall maintain complete and accurate records pertaining to Low-Income Tenants and file all documents as required by section 142(d) of the Code and this Agreement, including Tenant Income Certifications attached as Exhibit C hereto

(iii) No tenant qualifying as a Low-Income Tenant shall be denied continued occupancy of a Unit in the Project because, after admission, such tenant's Anticipated Annual Income increases to exceed the qualifying limit for Low-Income Tenants, provided, however, that, should a Low-Income Tenant's Anticipated 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 this Section, the next available Unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low-Income Tenant and such new Low-Income Tenant will then constitute a portion of the Set Aside requirement of paragraph (i) of this Section, and provided, further, that, until such next available Unit is rented to a tenant who is a Low-Income Tenant, the former Low-Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low-Income Tenant for purposes of the requirement of subparagraph (i) of this Section 2(i)

The parties hereto recognize that the requirements stated in Section 2(h) shall continue in effect until the termination of the Qualified Project Period or until no Bonds remain outstanding, whichever occurs later, and the requirements in this Section 2(i) shall continue in effect until the termination of the Qualified Project Period

(j) The Owner further covenants and agrees to prepare and submit to the Trustee, no more than 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 shall be in recordable form. The Issuer need not affirmatively consent to the termination of the covenants

(k) 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 Owner in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Owner, and which is required to be noticed, represented or certified by the Owner hereunder or in connection with any filings, representations or certifications required to be made by the Owner in connection with the issuance and delivery of the Bonds

(l) The Owner shall provide to the Trustee a certificate certifying (i) within 90 days thereof, the date on which ten percent (10%) of the Units are occupied, and (ii) within 90 days thereof, the date on which fifty percent (50%) of the Units are occupied

Section 3 Modification of Tax Covenants Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Agreement may not be amended, changed, modified, altered or terminated except as permitted in Section 19 and by the Indenture. Anything contained in this Agreement or the Indenture to the contrary notwithstanding, the Issuer, the Trustee and the Owner hereby agree upon the written request of one of the parties hereto, to amend this Agreement and, if appropriate, the Indenture and the Loan Agreement, to the extent required, in the opinion of Bond Counsel, in order for interest on the Bonds, to remain excludable from gross income for Federal income tax purposes. The party requesting such amendment shall notify the other parties to this Agreement in writing of the proposed amendment and send a copy of such requested amendment to Bond Counsel. After review of such proposed amendment, Bond Counsel shall render to the Trustee, the Owner and the Issuer an opinion to the effect that such amendments are necessary and sufficient in order to enable compliance with the provisions of the Code such that the interest on the Bonds will remain excludable from gross income for purposes of Federal income taxation. The Owner shall pay all necessary fees and expenses incurred with respect to such amendment, including necessary attorney's fees and expenses incurred by Bond Counsel in rendering such opinion. The Owner, the Issuer and, where applicable, the Trustee pursuant to written instructions from the Issuer, shall execute, deliver and, if applicable, the Owner shall file of record, any and all documents and instruments, including without limitation, an amendment to this Regulatory Agreement, necessary to effectuate the intent of this Section, and the Owner and the Issuer hereby appoint the Trustee as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Owner or the Issuer, as is applicable, any such document or instrument (in such form as may be approved by and upon instruction of Bond Counsel) if either the Owner or the Issuer defaults in the performance of its obligation under this Section, provided, however, that the Trustee shall take no action under this Section without first notifying the Owner or the Issuer, as is applicable, in writing of its intention to take such action and providing the Owner or the Issuer, as is applicable, ten (10) business days after such notice to comply with the requirements of this Section.

Section 4 Residential Development The Issuer and the Owner hereby recognize and declare their understanding and intent that the Project is to be owned, managed and operated as a "residential development," as such term is defined in Section 394.003(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 Qualified Project Period or for as long as any portion of the Bonds remains outstanding and unpaid, whichever is longer.

(a) The Issuer and the Owner hereby recognize and declare their understanding and intent that the Project is to be owned, managed and operated as a "residential development" as such term is defined in Section 394.003(13) of the Act, for as long as any portion of the Bonds remains outstanding and unpaid. To that end, the Owner hereby represents, as of the date hereof,

and covenants and agrees for the term of this Regulatory Agreement that substantially all (at least 90%) of the Project dwelling units shall be rented to Eligible Tenants and that the Owner shall not rent or lease any unit in the Project to a person not an Eligible Tenant if such rental would cause less than 90% of the dwelling units in the Project to be rented to Eligible Tenants

(b) The Owner hereby represents, covenants and agrees as follows

(i) To assure that twenty percent (20%) of the occupied Units in the Project are occupied at all times by Low Income Tenants at Affordable Rents,

(ii) To obtain a Tenant Income Certification from each tenant in the Project not later than the date of such tenant's initial occupancy of a Unit in the Project 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 following the end of the Qualified Project Period,

(iii) To obtain from each tenant in the Project, at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance that (A) such lease is subordinate to the Mortgage and this Regulatory Agreement, (B) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (C) the family income and eligibility requirements of this Agreement and the Loan Agreement are substantial and material obligations of tenancy in the Project, (D) such tenant will comply promptly with all requests for information with respect to such requirements from the Owner, the Trustee and the Issuer, and (E) 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,

(iv) To cause to be prepared and submitted to the Issuer and the Trustee on the first day of the Qualified Project Period, and thereafter by the tenth calendar day of each March, June, September, and December, or a quarterly schedule as determined by the Issuer, a certified Compliance Monitoring Report and Occupancy Summary in a form attached hereto as Exhibit D or at the reasonable request of the Issuer in such other form provided by the Issuer from time to time,

(v) To the extent legally permissible to permit any duly authorized representative of the Issuer or the Trustee (without any obligation to do so) to inspect the books and records of the Owner 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, and

(vi) The Owner will obtain a Tenant Income Certification from each tenant at least annually after the tenant's initial occupancy or as otherwise directed by the Issuer in writing

Section 5 [Reserved]

Section 6 Consideration The Issuer has issued the Bonds to provide funds to make the Loan to finance the Project, all for the purpose, among others, of inducing the Owner to acquire, construct, equip and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 7 Reliance The Issuer, the Trustee and the Owner 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 for purposes of Federal income taxation of the interest on the Bonds. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Low-Income Tenants and the Owner and upon audits of the books and records of the Owner pertaining to the Project. In addition, the Issuer, the Owner and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer, the Owner or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default by the Owner exists under this Regulatory Agreement, the Trustee shall not be required to conduct any investigation into or review of the operations or records of the Owner and may rely on any written report, notice or certificate delivered to the Trustee by any Person retained to review the Owner's compliance with this Regulatory Agreement or by the Owner 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 8 Project in Austin, Texas The Owner hereby represents that the Project is located entirely within Austin, Texas.

Section 9 Sale or Transfer of the Project The Owner covenants and agrees not to sell, transfer or otherwise dispose of the Project prior to the expiration of the Qualified Project Period or the date on which the Bonds have been paid in full, whichever is later, without (i) complying with any applicable provisions of the Loan Documents and (ii) obtaining the prior written consent of the Issuer. Such consent of the Issuer shall not be unreasonably withheld or delayed and shall be given if all conditions to the sale set forth in this Regulatory Agreement are met or are waived in writing by the Issuer, including (1) there is delivered to the Trustee and the Issuer a written Opinion of Counsel 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 Owner under the Loan Documents and this Regulatory Agreement 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, (2) the Issuer receives a favorable opinion of Bond Counsel, which opinion shall be furnished at the expense of the Owner or the transferee, regarding such sale, transfer or disposition, (3) the proposed purchaser or assignee executes any document reasonably requested by the Issuer with respect to assuming the obligations of the Owner under this Agreement and the Loan Agreement, and (4) the Issuer shall not have any reason to believe that the 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 Loan Agreement, the Mortgage and this Agreement. The Owner hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Project in violation of this subsection shall be ineffective to relieve the Owner of its obligations under this Agreement. Upon any sale, transfer or other disposition of the Project in compliance with this Agreement, the Owner so selling, transferring or otherwise disposing of the Project shall have no further liability for obligations under the Loan Agreement arising after the date of such disposition. The foregoing notwithstanding, the duties and obligations of the Owner as set forth in the Loan Documents with respect to matters arising prior to the date of such sale, transfer or other disposition

shall not terminate upon the sale, transfer or other disposition of the Project. The foregoing restrictions on transfer shall not apply to foreclosures, deeds in lieu of foreclosure, transfer by exercise of the power of sale or other similar transfer. Any such sale or transfer shall be subject to the Issuer's Multifamily Rules.

Section 10 Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, shall terminate in its entirety at the end of the Qualified Project 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 and defeasance or termination of the Indenture.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement shall terminate, without the requirement of any consent by the Issuer and 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 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 exercise of the power of sale, 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 which meets the requirements of the Code set forth in Sections 1A through 4 of this Regulatory Agreement and the Act. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall 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 exercise of power of sale or similar event, the Owner or any related person (within the meaning of Section 1.103-10(c) of the Regulations) obtains an ownership interest in the Project for tax purposes. The Issuer shall not be required to consent to termination of this Regulatory Agreement for any reason other than those specified above.

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 shall not be necessary or a prerequisite to the termination of this 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 shall be paid by the Owner and its successors in interest.

Section 11 Covenants To Run With the Land. The Owner hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer, the Trustee and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project, provided, however, that upon the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall 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 instruments.

No breach of any of the provisions of this Regulatory Agreement shall 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

Section 12 Burden and Benefit The Issuer, the Trustee and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Issuer, the Trustee and the Owner 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 Project by Low-Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued

Section 13 Uniformity, Common Plan The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site

Section 14 Default, Enforcement If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Issuer or the Trustee to the Owner in accordance with the Indenture, then the Trustee, acting on its own behalf or on behalf of the Issuer, provided a responsible officer of the Trustee actually knows of such default, shall declare an "Event of Default" to have occurred hereunder, provided, further, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Owner institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the tax-exempt status of interest on the Bonds. The Issuer and the Trustee agree that a cure of any Event of Default made or tendered by any partner or member of Owner shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if tendered by Owner

Following the declaration of an Event of Default hereunder, the Trustee, subject to being indemnified to its satisfaction with respect to the costs and expenses of any proceeding, or the Issuer may, at its option, take any one or more of the following steps

- (i) by mandamus or other suit, action or proceeding for specific performance, including injunctive relief, require the Owner 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,
- (ii) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project, and
- (iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder

The Owner hereby agrees that specific enforcement of the Owner'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 Owner herein, and the Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Owner hereunder

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, 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 shall to the extent that it has actual knowledge thereof, give written notice to the Trustee that a violation of this Regulatory Agreement has occurred.

Section 15 The Trustee The Trustee shall act as specifically provided herein and in the Indenture. Subject to the right of the Trustee to be indemnified as provided in the Indenture, the Trustee shall 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 shall 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 shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VII thereof, which are incorporated by reference herein. The incorporated provisions of the Indenture 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.

Neither the Trustee nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence, bad faith, fraud or willful misconduct. No provision of this Regulatory Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that the payment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Trustee shall examine all documents prepared by the Borrower and furnished to the Trustee to determine whether such documents conform on their face to the requirements of this Regulatory Agreement. The Trustee shall notify the Issuer and Borrower in writing if the Trustee does not receive any document from the Borrower at the time required under this Regulatory Agreement or if such document does not conform on its face to the requirements of this Regulatory Agreement. The Trustee may conclusively rely on and shall be protected in acting or omitting to act in good faith upon the certificates and other writings, which conform to the requirements of this Regulatory Agreement, as the Trustee may receive in connection with the administration of its obligation hereunder and has no duty or obligation to make an independent investigation with respect thereto.

Section 16 Recording and Filing The Owner shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of Austin, Texas and in such other places as the Issuer or the Trustee may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording. This Agreement is subject to and subordinate to all matters of record as of the date hereof.

Section 17 Reimbursement of Expenses Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, throughout the term of this Regulatory Agreement, the Owner shall continue to pay to the Issuer and the Trustee reimbursement for all fees and expenses actually incurred thereby required to be paid to the Issuer and the Trustee by the Owner pursuant to the Loan Agreement.

Section 18 Governing Law This Regulatory Agreement shall be governed by the laws of the State (other than in respect of conflicts of laws) The Trustee's rights, duties, powers and obligations hereunder are governed in their entirety by the terms and provisions of this Agreement and the Indenture

Section 19 Amendments Subject to the provisions of Section 3 hereof, this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto, or their successors in title and duly recorded in the real property records of Travis County, and only upon receipt by the Issuer, the Owner and the Trustee of a Favorable Opinion of Bond Counsel regarding such amendment

Section 20 Notices Any notice required to be given hereunder to the Issuer, the Trustee or the Owner shall be given in the manner and to the address as set forth in the Indenture

Section 21 Severability If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby

Section 22 Multiple Counterparts This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original

Section 23 Authorization to Act for Issuer To the extent allowed by law, the Issuer hereby authorizes the Owner 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 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 In addition, the Issuer hereby authorizes the Owner to exercise, on behalf of the Issuer, any election with respect to the Bonds pursuant to the Code or the Regulations, and the Issuer will cooperate with the Owner and execute any form of statement required by the Code or the Regulations to perfect any such election

Section 24 Liability of Owner The liability of the Owner under this Regulatory Agreement is limited to the extent provided in the Loan Agreement

Section 25 Third-Party Beneficiary The parties to this Agreement confirm that the Bondholder Representative is a third-party beneficiary to the rights and benefits of this Agreement

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer, the Trustee and the Owner have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written

AUSTIN HOUSING FINANCE CORPORATION

By _____
Name
Title President

Attest

By _____
Name
Title Secretary

AMERICAN NATIONAL BANK,
as Trustee

By _____
Name
Title

SAN ANTONIO ALTERNATIVE HOUSING
CORPORATION NO 15

By _____
Name _____
Title _____

ACKNOWLEDGMENT

STATE OF TEXAS

§

§

COUNTY OF TRAVIS

§

This instrument was acknowledged before me on _____, 2007, by the President of
Austin Housing Finance Corporation

IN WITNESS WHEREOF, I have hereunto set my hand and official seal

Notary Public Signature

(Personalized Seal)

§

2

§

This instrument was acknowledged before me on _____, 2007, by _____, authorized

IN WITNESS WHEREOF, I have hereunto set my hand and official seal

Notary Public Signature



ACKNOWLEDGMENT

STATE OF TEXAS

§

COUNTY OF BEXAR

§

§

This instrument was acknowledged before me on _____, 2007, by Rod Radle, Executive Director of San Antonio Alternative Housing Corporation No 15

IN WITNESS WHEREOF, I have hereunto set my hand and official seal

Notary Public Signature

(Personalized Seal)

EXHIBIT A

Apartment Project at 9601 Middle Fiskville Road, Austin, Texas

EXHIBIT B

PROJECT AND OWNER

Owner	San Antonio Alternative Housing Corporation No 15
Project	Meadowood Apartments
Units	200

EXHIBIT C

TENANT INCOME CERTIFICATION

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Meadowood Apartments Project)
Series 2007A

VERIFICATION OF INCOME

RE

Apartment Number _____ Building Number _____ Square footage _____

Number of Bedrooms _____ Initial Monthly Rent \$ _____

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below

1 Name of Members of the Household	2 Relationship to Head of Household	3 Age	4 Social Security Number	5 Place of Employment
	Head			
	Spouse			

6 The anticipated income of all the above persons during the 12-month period beginning on the later of the date on which (a) the above persons first occupy the apartment or sign a lease with respect to the apartment or (b) such annual period commencing on the anniversary date of such date of first occupancy or the signing of a lease, including income described in (a) below, but excluding all income described in (b) below, is \$ _____

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below)

(i) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions,

(ii) net annual income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization or capital indebtedness) (An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Include any withdrawal of cash or assets from the operation of a business or profession, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the above persons),

(iii) interest and dividends (include all income from assets as set forth in item 7(b) below and include any withdrawal of cash or assets from an investment, except to the extent the withdrawal is reimbursement of cash or assets invested by the above persons),

(iv) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment,

(v) payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay,

(vi) any welfare assistance if the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, include as income (a) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus (b) the maximum amount that the welfare assistance agency could in fact allow the above persons for shelter and utilities (If the welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under clause (b) shall be the amount resulting from one application of the percentage),

(vii) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling,

(viii) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household, spouse or other household member whose dependents are residing in the unit, and

(ix) any earned income tax credit to the extent it exceeds income tax liability

(b) The following income is excluded from the amount set forth above

(i) Income from employment of children (including foster children) under the age of 18 years,

(ii) Payment received for the care of foster children,

(iii) Lump-sum additions to household assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses,

(iv) Amounts received by the household that are specifically for, or in reimbursement of, the cost of medical expenses for any household member,

(v) Income of a live-in aide,

(vi) Amounts of education scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student. Any amount of such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included in income,

(vii) The special pay to a household member serving in the Armed Forces who is exposed to hostile fire,

(viii) (a) Amounts received under training programs funded by Housing and Urban Development ("HUD"),

(b) Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency ("PASS"),

(c) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program,

(ix) Temporary, nonrecurring or sporadic income (including gifts), or

(x) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937

7 If any of the persons described in column 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands, but including the value of any assets disposed of for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the previous two years), provide

(a) the total value of all such assets owned by all such persons

\$ _____, and

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date \$ _____

8 (a) Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes ____

No

(b) (Complete only if the answer to Question 8(a) is "Yes ") Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes ____

No

We acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on bonds issued to finance construction of the apartment building for which application is being made. We consent to the disclosure of such information to the issuer of such bonds, the holders of such bonds, any trustee acting on their behalf and any authorized agent of the Treasury Department or Internal Revenue Service.

Date _____

Head of Household

Spouse

STATE OF TEXAS §
 §
COUNTY OF _____ §

Subscribed, sworn to and acknowledged before me this _____ day of _____,
2007

Notary Public of the State of Texas
(Notary Seal)

NOTE TO PROJECT OWNER A vacant unit previously occupied by individuals or a family of very low income may be treated as occupied by individuals or a family of very low income until reoccupied (other than for a period of 31 consecutive days or less), at which time the character of the unit shall be redetermined

FOR COMPLETION BY PROJECT OWNER ONLY

I Calculation of eligible income

(A) Enter amount entered for entire household in 6 above \$ _____

(B) If the amount entered in 7(a) above is greater than \$5,000, enter

(i) the product of the amount entered in 7(a) above multiplied by the current passbook savings rate as determined by HUD \$ _____

(ii) the amount entered in 7(b) above \$ _____

(iii) line (i) minus line (ii) (if less than \$0, enter \$0) \$ _____

(C) TOTAL ELIGIBLE INCOME (line I(A) plus line I(B)(iii)) \$ _____

II Qualification as individuals or a family of low income

(A) Is the amount entered in line I(c) less than 50% of Median Income for the Area¹ with adjustments for smaller and larger families?

Yes ____ No ____

(B) (i) If line II(A) is "No," then the household does not qualify as individuals or a family of low income, skip to item III

1 "Median income for the Area" means the area median gross income as determined by the Secretary of the Treasury in a manner consistent with determinations of lower-income families and area median gross income under Section 8 of the United States Housing Act of 1937, including adjustments for family size or, if programs under Section 8 are terminated, area median gross income determined under the method in effect immediately before such termination

(ii) If line II(A) above is "Yes" and 8(a) above is "No," then the household qualifies as individuals or a family of low income, skip to item III

(iii) If line II(A) above is "Yes" and 8(b) above is "Yes," then the household qualifies as individuals or a family of low income, skip to item III,

(iv) If neither (ii) nor (iii) is applicable, then the household does not qualify as individuals or a family of low income

III (Check one)

The household does not qualify as individuals or a family of low income

The household qualifies as individuals or a family of low income

IV Number of apartment unit assigned
(enter here and on page 1)

V Method used to verify applicant's income

____ Employer income verification

____ Copies of tax returns

____ Other (_____)

Date _____

SAN ANTONIO ALTERNATIVE HOUSING
CORPORATION NO 15

By _____
Name _____
Title _____

EXHIBIT D

COMPLIANCE MONITORING REPORT

TO Austin Housing Finance Corporation
1000 East Eleventh Street Suite 200
Austin, Texas 78702
Attention Bond Finance Manager

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Meadowood Apartments Project)
Series 2007A

_____ (the "Owner"), hereby represents and warrants that

- 1 A review of the activities of the Owner during the period of _____ through _____ and of then Owner's performance under the Loan Agreement has been made under the supervision of the undersigned
- 2 The Owner owns Meadowood Apartments (the "Project")
- 3 The Project was financed, in substantial part, as a result of the indirect loan of the proceeds of the Bonds
- 4 The undersigned and the Owner have read and are thoroughly familiar with the provisions of (1) the Regulatory Agreement and Land Use Restriction Agreement (the "Regulatory Agreement"), dated as of May 1, 2007, among the Owner, Austin Housing Finance Corporation (the "Issuer") and American National Bank, as Trustee (the "Trustee"), and (2) the Loan Agreement, dated as of May 1, 2007, among the Owner, the Trustee and the Issuer (the "Loan Agreement") The Regulatory Agreement was executed, delivered, and recorded against the Project in connection with the issuance of the Bonds Hereinafter, unless otherwise expressly provided herein or unless the context requires otherwise, the capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Regulatory Agreement
- 5 The Project's Qualified Project Period commenced on _____, 2007, and will end on the latest of (a) the date which is twenty years after the date on which 50% of the units in the project are occupied (b) the first date 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, or (c) the date on which any assistance was provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates
- 6 Commencing on the Closing Date and continuing throughout the remainder of the Qualified Project Period no less than 20% of the total number of completed units of the Project shall at all times be rented to and occupied by Low Income Tenants at Affordable Rents
- 7 As of the date of this Certificate, the following percentages of completed residential units in the Project (i) are occupied by Low Income Tenants or (ii) are currently vacant and

being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated

Occupied by Low Income Tenants _____ percent

Held vacant for occupancy
continuously since last
occupied by Low Income
Tenant _____ percent

- 8 At no time since the date of filing of the last Continuing Program Compliance Certificate has less than 20% of the units in the Project been occupied by or, if vacant, been last occupied by Low Income Tenants at Affordable Rents
- 9 To the best knowledge of the undersigned, after due inquiry, all Units were rented or available for rental on a continuous basis during the immediately preceding year to members of the general public, and the Owner is not now and has not been in default under the terms of the above-referenced Regulatory Agreement and, to the best knowledge of the undersigned, no Determination of Taxability has occurred with respect to the Bonds
- 10 (If the Owner is in default under the terms of the Regulatory Agreement or the Owner has actual knowledge of a Determination of Taxability with respect to the Bonds, such knowledge should be detailed here)
- 11 The Owner has not transferred any interest in the Project since the date of submission of the Continuing Program Compliance Certificate last submitted to the Trustee and the Issuer with respect to the Project (If the Owner has transferred any interest in the Project, such transfer should be detailed here)

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the percentage of units which are occupied by Low Income Tenants and which became Low Income Units since the filing of the last Continuing Program Compliance Certificate. The information contained thereon is, to the best knowledge of the Owner (based upon information supplied by tenants of the Project), true and accurate.

SAN ANTONIO ALTERNATIVE HOUSING
CORPORATION NO. 15

By _____
Name _____
Title _____

OCCUPANCY SUMMARY
AS OF _____

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Meadowood Apartments Project)
Series 2007A

PROJECT NAME MEADOWOOD APARTMENTS
PROJECT LOCATION 9601 Middle Fiskville Road, Austin, Texas

ID #

Page __ of

TOTAL NO UNITS 200 REQ'D NO LOW INCOME UNITS

TOTAL UNITS OCCUPIED
TOTAL LOW INCOME OCCUPIED
(PERCENTAGE %)

PREPARED AND SUBMITTED BY

Phone _____

Date _____

Number of Low Income Tenants commencing occupancy this month/quarter

Number of Low Income Tenants whose Adjusted Income exceeded 140% of the applicable income limit
for a Low Income Tenant of the same family size this month/quarter

Number of Low Income Tenants terminating occupancy this month/quarter

For Period _____ through

**THIS DEED OF TRUST PREPARED BY
RECORD AND RETURN TO**

CASSIN CASSIN & JOSEPH LLP
711 Third Avenue
New York, New York 10017
Attn: Deborah A. Franzblau, Esq.

Lots 23-24, Block "B" of NORTHCAPE
SECTION 4 REVISED, a subdivision
in Travis County, Texas according to
the map or plat thereof recorded in
Book 53, Page 51 of the Plat Records
of Travis County, Texas

**FIRST DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND
FIXTURE FILING**

Between

SAN ANTONIO ALTERNATIVE HOUSING CORPORATION NO 15, a
Texas non-profit corporation
("Trustor")

to

JUAN A. CAVAZOS
as Trustee
("Trustee")

for the benefit of

AUSTIN HOUSING FINANCE CORPORATION, a
housing finance corporation duly organized and validly
existing under the laws of the State of Texas
("Beneficiary")

Dated as of May 31, 2007

**THIS DEED OF TRUST SECURES DEBT THAT INCLUDES FUTURE ADVANCES BY
BENEFICIARY TO TRUSTOR (EACH AS DEFINED HEREIN)**

To the Register of Deeds: File this document as a Deed of Trust and as a UCC Fixture Filing. The name
of the record owner is the party defined as "Trustor" herein.

Meadowood Apartments
9601 Middle Fiskville Road
Travis County
Austin, Texas 78753

**FIRST DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND
FIXTURE FILING**

THIS FIRST DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING dated as of May 31, 2007 (together with any amendments or modifications hereto in effect from time to time, the "Deed of Trust"), between **SAN ANTONIO ALTERNATIVE HOUSING CORPORATION NO 15**, a Texas non-profit corporation, having an office at c/o San Antonio Alternative Housing Corporation, 1215 South Trinity Street, San Antonio, Texas 78207 ("Trustor"), to **JUAN A CAVAZOS**, as Trustee, having an office at 7373 Broadway, Suite 105, San Antonio, Bexar County, Texas 78209 ("Trustee") for the benefit of the **AUSTIN HOUSING FINANCE CORPORATION**, a housing finance corporation duly organized and validly existing under the laws of the State of Texas, having an office at The Street-Jones Building, 1000 East 11th Street, 2nd Floor, Austin, Texas 78702 (together with its successors and assigns, the "Beneficiary")

WITNESSETH

WHEREAS, Trustor is indebted to Beneficiary in the principal sum of \$_____ (the "Loan"), or so much thereof as shall be advanced pursuant to the Loan Agreement (as defined below), together with interest thereon, as evidenced by those two (2) certain Multifamily Notes dated May 31, 2007 (collectively, the "Note"), each of which is due in full on the Maturity Date (as defined in the Note), and

WHEREAS, the Loan is being funded from the proceeds of the sale of certain bonds of Beneficiary entitled \$_____ Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Series 2007A, and \$_____ Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Taxable Series 2007B (collectively, the "Bonds"),

WHEREAS, Trustor is the holder of title in fee simple in and to that certain tract of land located in Austin, Travis County, Texas, as more particularly described in Exhibit A attached hereto and made a part hereof (the "Real Estate"), and

WHEREAS, to induce Beneficiary to make the Loan and to secure payment of the Note and the other obligations described below, Trustor has agreed to execute and deliver this Deed of Trust to Trustee for the benefit of Beneficiary

GRANTING CLAUSES

NOW, THEREFORE, to secure to Beneficiary (i) the repayment of all sums due under this Deed of Trust, the Note (and all extensions, renewals, replacements and amendments thereof), that certain Loan Agreement dated as of May 1, 2007 between Trustor and Beneficiary (the "Loan Agreement") and the other Loan Documents and Bond Documents (as such terms are defined in that certain Trust Indenture of even date herewith between Beneficiary and **AMERICAN NATIONAL BANK**, a national association formed and existing under the laws of the United States (the "Bond Trustee")), (ii) the performance of all terms, conditions and covenants set forth in the Loan Documents, (iii) the repayment of all sums due or that may

become due under or in connection with any present or future agreements relating to the Note obligations between Trustor and Beneficiary, (iv) the payment of all costs and expenses of Beneficiary (including reasonable attorneys' fees) in the collection of sums due under the Note (subsections (i), (ii), (iii) and (iv) collectively, the "Liabilities"), Trustor hereby irrevocably deeds, gives, grants, bargains, sells, alienates, conveys, confirms, pledges, assigns and grants to Trustee, its successors and assigns, in trust, with power of sale for the benefit of Beneficiary all of Trustor's right, title and interest now owned or hereafter acquired in and to each of the following (collectively, the "Property")

(A) All of Trustor's estate, right, title (including any after-acquired title, whether fee title or otherwise), and interest in and to the Real Estate,

(B) Any and all buildings and improvements now or hereafter erected on, under or over the Real Estate which are or become part of the Real Estate (the "Improvements"),

(C) Any and all fixtures, machinery, equipment and other articles of real, personal or mixed property, belonging to Trustor, at any time now or hereafter installed in, attached to or situated in or upon the Real Estate, or the buildings and improvements now or hereafter erected thereon, or used or intended to be used in connection with the Real Estate, or in the operation of the buildings and improvements, plant, business or dwelling situate thereon, whether or not such real, personal or mixed property is or shall be affixed thereto, and all replacements, substitutions and proceeds of the foregoing (all of the foregoing herein called the "Service Equipment"), including without limitation (i) all appliances, furniture and furnishings, all articles of interior decoration, floor, wall and window coverings, all office, restaurant, bar, kitchen and laundry fixtures, utensils, appliances and equipment, all supplies, tools and accessories, all storm and screen windows, shutters, doors, decorations, awnings, shades, blinds, signs, trees, shrubbery and other plantings, (ii) all building service fixtures, machinery and equipment of any kind whatsoever, all lighting, heating, ventilating, air-conditioning, refrigerating, sprinkling, plumbing, security, irrigating, cleaning, incinerating, waste disposal, communications, alarm, fire prevention and extinguishing systems, fixtures, apparatus, machinery and equipment, all elevators, escalators, lifts, cranes, hoists and platforms, all pipes, conduits, pumps, boilers, tanks, motors, engines, furnaces and compressors, all dynamos, transformers and generators, (iii) all building materials, building machinery and building equipment delivered on site to the Real Estate during the course of, or in connection with, any construction or repair or renovation of the buildings and improvements, (iv) all parts, fittings, accessories, accessions, substitutions and replacements therefor and thereof, and (v) all files, books, ledgers, reports and records relating to any of the foregoing,

(D) Any and all leases, subleases, tenancies, licenses, occupancy agreements or agreements to lease all or any portion of the Real Estate, Improvements, Service Equipment or all or any other portion of the Property and all extensions, renewals, amendments, modifications and replacements thereof, and any options, rights of first refusal or guarantees relating thereto (collectively, the "Leases"), all rents, income, receipts, revenues, security deposits, escrow accounts, reserves, issues, profits, awards and payments of any kind payable under the Leases or otherwise arising from the Real Estate, Improvements, Service Equipment or all or any other portion of the Property, including, without limitation, minimum rents, additional rents, percentage rents, parking, maintenance and deficiency rents (collectively, the "Rents"), all of the

following personal property (collectively referred to as the "Contracts") all accounts, general intangibles and contract rights (including any right to payment thereunder, whether or not earned by performance) of any nature relating to the Real Estate, Improvements, Service Equipment or all or any other portion of the Property or the use, occupancy, maintenance, construction, repair or operation thereof, all management agreements, franchise agreements, utility agreements and deposits, building service contracts, maintenance contracts, construction contracts and architect's agreements, all maps, plans, surveys and specifications, all warranties and guaranties, all permits, licenses and approvals, and all insurance policies, books of account and other documents, of whatever kind or character, relating to the use, construction upon, occupancy, leasing, sale or operation of the Real Estate, Improvements, Service Equipment or all or any other portion of the Property,

(E) Any and all estates, rights, tenements, hereditaments, privileges, easements, reversions, remainders and appurtenances of any kind benefiting or appurtenant to the Real Estate, Improvements or all or any other portion of the Property, all means of access to and from the Real Estate, Improvements or all or any other portion of the Property, whether public or private, all streets, alleys, passages, ways, water courses, water and mineral rights relating to the Real Estate, Improvements or all or any other portion of the Property, all rights of Trustor as declarant or unit owner under any declaration of condominium or association applicable to the Real Estate, Improvements or all or any other portion of the Property, including, without limitation, all development rights and special declarant rights, and all other claims or demands of Trustor, either at law or in equity, in possession or expectancy of, in or to the Real Estate, Improvements or all or any other portion of the Property (all of the foregoing described in this subsection E herein called the "Appurtenances"),

(F) Any and all rights, interest and privileges which Trustor has or may have in any developer fees, now or hereafter relating to the Property (the "Developer's Fees"), and

(G) Any and all "proceeds" of any of the above-described Real Estate, Improvements, Service Equipment, Leases, Rents, Contracts and Appurtenances, which term "proceeds" shall have the meaning given to it in the Uniform Commercial Code, as amended (the "Code"), of the State in which the Property is located (collectively, the "Proceeds") and shall additionally include whatever is received upon the use, lease, sale, exchange, transfer, collection or other utilization or any disposition or conversion of any of the Real Estate, Improvements, Service Equipment, Leases, Rents, Contracts and Appurtenances, voluntary or involuntary, whether cash or noncash, including proceeds of insurance and condemnation awards, rental or lease payments, accounts, chattel paper, Deed of Trusts, documents, contract rights, general intangibles, equipment and inventory

TO HAVE AND TO HOLD the above granted and conveyed Property, subject to the Permitted Encumbrances (as hereinafter defined), unto and to the proper use and benefit of Beneficiary, its successors and assigns, forever

PROVIDED ALWAYS, and these presents are upon the express condition, that if (i) all the Liabilities, including, without limitation, all termination payments and any other amounts, if any, due under or in connection with any swap agreements or the Note secured hereunder, are paid in full, and (ii) each and every representation, warranty, agreement and covenant of this

Deed of Trust and the other Loan Documents are complied with and abided by, this Deed of Trust shall be released of record by Beneficiary

The terms of the Loan Documents are hereby made a part of this Deed of Trust to the same extent and with the same effect as if fully set forth herein. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Loan Documents.

AND Trustor covenants and agrees with and represents to Beneficiary as follows

ARTICLE I

FUTURE ADVANCES

This Deed of Trust shall secure any additional loans as well as any and all present or future advances and readvances under the Liabilities made by Beneficiary to or for the benefit of Trustor or the Property (whether such advances are obligatory or are made at the option of Beneficiary or otherwise), including, without limitation, (i) principal, interest, late charges, fees and other amounts due under the Liabilities or this Deed of Trust, (ii) all advances by Beneficiary to Trustor or any other person to pay costs of erection, construction, alteration, repair, restoration, maintenance and completion of any improvements on the Property, (iii) all advances made or costs incurred by Beneficiary for the payment of real estate taxes, assessments or other governmental charges, maintenance charges, insurance premiums, appraisal charges, environmental inspection, audit, testing or compliance costs, and costs incurred by Beneficiary for the enforcement and protection of the Property or the lien of this Deed of Trust, and (iv) all legal fees, costs and other expenses incurred by Beneficiary by reason of any default or otherwise in connection with the Liabilities.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01 Payment and Performance Trustor shall (a) pay to Beneficiary all sums required to be paid by Trustor under the Loan Documents, in accordance with their stated terms and conditions, (b) perform and comply with all terms, conditions and covenants set forth in each of the Loan Documents by which Trustor is bound, and (c) perform and comply with all of Trustor's obligations and duties as landlord under any Leases.

Section 2.02 Seisin and Warranty Trustor hereby warrants that (a) Trustor has good and indefeasible title to the Property, (b) Trustor has the right, full power and lawful authority to grant, convey and assign the same to Beneficiary in the manner and form set forth herein, and (c) this Deed of Trust is a valid and enforceable security conveyance of Property subject only to the items as shown on Schedule B of that certain Commitment for Title Insurance issued by Presidio Title LLC, as agent for Lawyers Title Insurance Corporation No. 105025, and any other liens, easements, rights of way, covenants, restrictions, encumbrances and other matters affecting title to the Property approved in writing by Beneficiary (collectively, the "Permitted Encumbrances"). Trustor hereby covenants that Trustor shall (i) preserve such title and the validity and priority of this Deed of Trust and shall forever warrant and defend the same to

Beneficiary against all lawful claims whatsoever, and (ii) execute, acknowledge and deliver all such further documents or assurances as may at any time hereafter be required by Beneficiary to protect fully this Deed of Trust

Section 2 03 Insurance

(a) Trustor shall obtain and maintain at all times throughout the term of this Deed of Trust the following insurance (i) comprehensive general public liability insurance covering all operations of Trustor, (ii) "ISO Broad Form" fire and extended coverage hazard insurance (nonreporting Commercial Property Policy with Special Cause of Loss form) covering the Property in an aggregate amount not less than 100% of the agreed-upon full insurable replacement value of the Property (and with not more than a \$10,000 deductible from the loss payable for any casualty), including coverage for loss of rents or business interruption, (iii) during the course of any construction, reconstruction, remodeling or repair of any Improvements, builders' all-risk extended coverage insurance (nonreporting Completed Value with Special Cause of Loss form) in amounts based upon the completed replacement value of the Improvements (excluding roads, foundations, parking areas, paths, walkways and like improvements) and endorsed to provide that occupancy by any person shall not void such coverage, (iv) if, pursuant to the Loan Agreement, the Property is required to be insured pursuant to the National Flood Insurance Reform Act of 1994, and the regulations promulgated thereunder, flood insurance in an amount at least equal to the lesser of the agreed-upon full insurable replacement value of the Property (less any value attributable to the Real Estate) or the maximum limit of coverage available, (v) insurance which complies with the workers' compensation and employers' liability laws of all states in which Trustor shall be required to maintain such insurance, and (vi) such other insurance as Beneficiary may reasonably require

(b) Each insurance policy required under this Section shall (i) be written by an insurance company authorized or licensed to do business in the state within which the Property is located having an Alfred M Best Company, Inc rating of "A-V" or better and a financial size category of not less than IX, (ii) be for terms of a least one year, with premium prepaid, (iii) be subject to the reasonable approval of Beneficiary as to insurance companies, amounts, content, forms of policies and expiration dates, and (iv) name Beneficiary, its successors and assigns (A) as an additional insured under all liability insurance policies, and (B) as the first mortgagee, under a standard noncontributory mortgagee clause, on all property insurance policies and all loss of rents or loss of business income insurance policies

(c) Trustor further agrees that each insurance policy (i) shall provide at least 30 days' prior written notice to Beneficiary prior to any policy reduction or cancellation for any reason, (ii) shall contain an endorsement or agreement by the insurer that any loss shall be payable to Beneficiary, as mortgagee, in accordance with the terms of such policy, notwithstanding any act or negligence of Trustor which might otherwise result in forfeiture of such insurance, (iii) shall waive all rights of setoff, counterclaim, deduction or subrogation against Trustor, and (iv) shall exclude Beneficiary from the operation of any coinsurance clause

(d) At least 15 days prior to the expiration of any insurance policy, Trustor shall furnish evidence satisfactory to Beneficiary that such policy has been renewed or replaced or is no longer required

(e) Notwithstanding the foregoing, in the event that Trustor fails to maintain insurance in accordance with this Section 2 03 by reason of the failure of Trustor to comply with the provisions of Sections 2 03(c) and (d) hereof, and Beneficiary elects to obtain insurance to protect its interests hereunder, Beneficiary may obtain insurance in any amount and of any type Beneficiary deems appropriate to protect Beneficiary's interest only and Beneficiary shall have no duty or obligation to Trustor to maintain insurance in any greater amount or of any other type for the benefit of Trustor All insurance premiums incurred or paid by Beneficiary shall be at Trustor's sole cost and expense in accordance with Article I hereof Beneficiary's election to obtain insurance shall not be deemed to waive any Event of Default (as hereinafter defined) hereunder

Section 2 04 Taxes and Other Charges Trustor shall promptly pay and discharge all taxes, assessments, water and sewer rents, and other governmental charges imposed upon the Property when due, but in no event after interest or penalties commence to accrue thereon or become a lien upon the Property Notwithstanding the foregoing, Trustor shall have the right to contest, at its own expense, by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of such taxes, assessments, water and sewer rents, or other governmental charges, provided that (a) Trustor has established on its books or by deposit of cash with Beneficiary, at the option of Beneficiary, a reserve for the payment thereof in such amount as Beneficiary may require, and (b) such contest operates to prevent collection, stay any proceedings which may be instituted to enforce payment of such item, and prevent a sale of the Property to pay such item Trustor shall promptly provide to Beneficiary, upon request, copies of receipted tax bills, canceled checks or other evidence satisfactory to Beneficiary evidencing that such taxes, assessments, water and sewer rents, and other governmental charges have been timely paid Trustor shall not claim or demand or be entitled to any credit on account of the Liabilities for any part of the taxes paid with respect to the Property or any part thereof and no deduction shall otherwise be made or claimed from the taxable value of the Property, or any part thereof, by reason of this Deed of Trust

Section 2 05 Escrows Trustor shall pay to Beneficiary at the time each installment is due under the Note, a sum equal to the premiums which will next become due on the insurance policies required by this Deed of Trust, in an amount as estimated by Beneficiary, less all sums already paid therefor or deposited with Beneficiary for the payment thereof, divided by the number of payments to become due before one month prior to the date when such taxes and assessments and/or premiums, as applicable, will become due, such sums to be held by Beneficiary to pay the same when due If such escrow funds are not sufficient to pay such insurance premiums, as the same become due, Trustor shall pay to Beneficiary, upon request, such additional amounts as Beneficiary shall estimate to be sufficient to make up any deficiency No amount paid to Beneficiary hereunder shall be deemed to be trust funds but may be commingled with general funds of Beneficiary, and no interest shall be payable thereon Upon the occurrence of an Event of Default, Beneficiary shall have the right, at its sole discretion, to apply any amounts so held against the Liabilities

Section 2.06 Transfer of Title Without the prior written consent of Beneficiary in each instance, Trustor shall not cause or permit any Transfer of the Property or any part thereof, whether voluntarily, involuntarily or by operation of law, nor shall Trustor enter into any agreement or transaction to Transfer, or accomplish in form or substance a Transfer, of the Property. A "Transfer" of the Property includes (a) the direct or indirect sale, transfer or conveyance of the Property or any portion thereof or interest therein, except for Permitted Encumbrances, the Leases and except as expressly permitted herein or in the Regulatory Agreement, (b) the execution of an installment sale contract or similar Deed of Trust affecting all or any portion of the Property, (c) the transfer of any ownership interest in Trustor, and (d) an agreement by Trustor leasing all or a substantial part of the Property for other than actual occupancy by a space tenant thereunder or a sale, assignment or other transfer of or the grant of a security interest in and to any Leases.

Section 2.07. No Encumbrances Except for the Permitted Encumbrances, Trustor shall not create or permit to exist any mortgage, pledge, lien, security interest (including, without limitation, a purchase money security interest), encumbrance, attachment, levy, distraint or other judicial process on or against the Property or any part thereof (including, without limitation, fixtures and other personalty), whether superior or inferior to the lien of this Deed of Trust, without the prior written consent of Beneficiary. If any such lien or encumbrance is filed without Trustor's consent, Trustor shall satisfy, discharge or transfer such lien or encumbrance to bond or other security within 30 days after written demand by Beneficiary.

Section 2.08 Removal of Fixtures Trustor shall not remove or permit to be removed from the Property any fixtures presently or in the future owned by Trustor as the term "fixtures" is defined by the law of the state where the Property is located (unless such fixtures have been replaced with similar fixtures of equal or greater utility and value or Beneficiary has consented to the removal of same).

Section 2.09. Maintenance and Repair, Alterations

(a) Trustor shall (i) abstain from and not permit the commission of waste in or about the Property, (ii) keep the Property, at Trustor's own cost and expense, in good repair, working order and condition, (iii) make or cause to be made, as and when necessary, all repairs and replacements, whether or not insurance proceeds are available therefor, and (iv) not remove, demolish, materially alter, discontinue the use of, permit to become vacant or deserted, or otherwise dispose of all or any part of the Property. All alterations, replacements, renewals or additions made pursuant hereto shall automatically become a part of the Property and shall be covered by the lien of this Deed of Trust.

(b) Beneficiary, and any persons authorized by Beneficiary, shall have the right, but not the obligation, to enter upon the Property at any reasonable time, with prior notice to Trustor, to inspect and photograph its condition and state of repair. In the event any such inspection reveals, in the reasonable discretion of Beneficiary, the necessity for any repair, alteration, replacement, cleanup or maintenance, Trustor shall, at the discretion of Beneficiary, either (i) cause such work to be effected promptly, or (ii) promptly establish an interest-bearing reserve fund with Beneficiary in an amount determined by Beneficiary for the purpose of effecting such work.

Section 2 10. Compliance With Applicable Laws Trustor agrees to observe, conform and comply, and to use reasonable efforts to cause its tenants to observe, conform and comply with all applicable federal, state, county, municipal and other governmental or quasi-governmental laws, rules, regulations, ordinances, codes, requirements, covenants, conditions, orders, licenses, permits, approvals and restrictions, including, without limitation, Environmental Laws (as defined below) and the Americans with Disabilities Act of 1990 (collectively, the "Legal Requirements"), now or hereafter affecting all or any part of the Property, its occupancy or the business or operations now or hereafter conducted thereon and the personalty contained therein, within such time as required by such Legal Requirements Except as disclosed in Article VI hereof, Trustor represents and warrants that the Property currently is in compliance with all Legal Requirements applicable to the Property

Section 2 11. Damage, Destruction and Condemnation

(a) If all or any part of the Property shall be damaged or destroyed, or if title to or the temporary use of the whole or any part of the Property shall be taken or condemned by a competent authority for any public or quasi-public use or purpose ("Condemnation"), there shall be no abatement or reduction in the amounts payable by Trustor under the Loan Documents and Trustor shall continue to be obligated to make such payments

(b) If all or any part of the Property is partially or totally damaged or destroyed (a "Casualty"), Trustor shall give prompt notice thereof to Beneficiary, and Beneficiary may make proof of loss if not made promptly by Trustor Trustor hereby authorizes and directs any affected insurance company to make payment under such insurance, including the return of unearned premiums, to Beneficiary instead of to Trustor and Beneficiary jointly, and Trustor appoints Beneficiary as Trustor's attorney-in-fact to endorse any draft thereof, which appointment, being for security, is coupled with an interest and irrevocable Beneficiary is hereby authorized and empowered by Trustor to settle, adjust or compromise, in consultation with Trustor, any claims for loss, damage or destruction to the Property Trustor shall pay all costs of collection of insurance proceeds payable on account of such damage or destruction Trustor shall have no claim against the insurance proceeds, or be entitled to any portion thereof, and all rights to the insurance proceeds are hereby assigned to Beneficiary as security for payment of the Liabilities Subject to the provisions of Section 2 11(d) below, Beneficiary shall have the option, in its sole discretion, of paying or applying all or any part of the proceeds of insurance or a condemnation award to (i) reduction of the Liabilities, (ii) restoration, replacement or repair of the Property in accordance with the Loan Agreement and Beneficiary's standard construction loan disbursement conditions and requirements ("Restoration"), or (iii) Trustor

(c) Immediately upon obtaining knowledge of the institution of any proceeding for the Condemnation of all or any part of the Property, Trustor shall give notice to Beneficiary Trustor shall, at its sole cost and expense, diligently prosecute any such proceeding and shall consult with Beneficiary, its attorneys and experts, and shall cooperate with it in the defense of any such proceeding Beneficiary may participate in any such proceeding and Trustor shall from time to time deliver to Beneficiary all Deed

of Trusts requested by it to permit such participation. Trustor shall not, without Beneficiary's prior written consent, enter into any agreement (i) for the taking or conveyance in lieu thereof of all or any part of the Property, or (ii) to compromise, settle or adjust any such proceeding. All awards and proceeds of Condemnation are hereby assigned to Beneficiary, and Trustor, upon request by Beneficiary, agrees to make, execute and deliver any additional assignments or documents necessary from time to time to enable Beneficiary to collect the same. Subject to the provisions of Section 2.11(d) below, such awards and proceeds shall be paid or applied by Beneficiary, in its sole discretion, to (i) reduction of the Liabilities, (ii) Restoration, or (iii) Trustor.

(d) Notwithstanding the provisions of Sections 2.11(b) and (c) above, so long as no Event of Default has occurred and is continuing under this Deed of Trust, Trustor shall be entitled (but shall not be required) to have proceeds of insurance or Condemnation (the "Proceeds") used for Restoration of the Improvements damaged or destroyed by such Casualty or Condemnation, subject to the following terms and conditions:

(i) Trustor must make such election in writing to Beneficiary within sixty (60) days following the date of such casualty or taking,

(ii) The Proceeds shall be deposited in an interest-bearing account with Beneficiary, to be held as substitute collateral for the Liabilities, and to be disbursed for the costs of completion, repair and restoration in the same manner and subject to the same terms and conditions as the disbursement of the proceeds of the Loan as set forth in the Loan Agreement,

(iii) Trustor shall furnish evidence reasonably satisfactory to Beneficiary that the Improvements can be completed or restored to their condition immediately prior to the casualty for a cost not in excess of the Proceeds plus identifiable funds of Trustor available for such purpose,

(iv) Trustor shall submit to Beneficiary for approval the plans and specifications for such Improvements (if different from the original) and the construction contract, if any, together with such additional information as Beneficiary may reasonably request to verify that Beneficiary's security will not be materially impaired by reason of such use of the Proceeds, and

(v) The balance of the Proceeds, if any, shall be applied to the indebtedness secured hereby in reverse order of maturity.

(e) In the event that any of the Liabilities are not then payable or remain contingent at the time any such proceeds are received by Beneficiary and would otherwise be applied to the indebtedness secured hereby, then and in such event, such proceeds may be held by Beneficiary in an interest-bearing account (with interest payable to Trustor) as additional collateral for such remaining unmatured or contingent Liabilities so long as said Liabilities remain outstanding.

(f) Subject to the applicable provisions of the Bond Documents, Trustor shall not be relieved of its duty to repair, restore, rebuild or replace the Property following damage or destruction or partial Condemnation if no or inadequate insurance proceeds or condemnation awards are available to defray the cost of repair, restoration, rebuilding or replacement

Section 2.12 Required Notices Trustor shall notify Beneficiary within ten business days of (a) receipt of any notice from any governmental or quasi-governmental authority relating to the structure, use or occupancy of the Property or alleging a violation of any Legal Requirement, (b) a substantial change in the occupancy or use of all or any part of the Property, (c) receipt of any notice from the holder of any lien or security interest in all or any part of the Property, (d) commencement of any litigation affecting or potentially affecting the financial ability of Trustor or the value of the Property, (e) a pending or threatened Condemnation of all or any part of the Property, (f) Casualty causing damage to all or any part of the Property, (g) receipt of any notice with regard to any Release of Hazardous Substances (as such terms are defined below) or any other environmental matter affecting the Property or Trustor's interest therein, (h) receipt of any request for information, demand letter or notification of potential liability from any entity relating to potential responsibility for investigation or cleanup of Hazardous Substances on the Property or at any other site owned or operated by Trustor, (i) receipt of any notice from any tenant of all or any part of the Property alleging a default, failure to perform or any right to terminate its lease or to set off rents, or (j) receipt of any notice of the imposition of, or of threatened or actual execution on, any lien on or security interest in all or any part of the Property

Section 2 13. Books and Records, Inspection Trustor shall keep and maintain (a) complete and accurate books and records, in accordance with generally accepted accounting principles consistently applied, reflecting all items of income and expense in connection with the operation of the Property, and (b) copies of all written contracts, leases and other agreements affecting the Property Beneficiary or its designated representatives shall, upon reasonable prior notice to Trustor, have (i) the right of entry and free access to the Property during business hours (which may be without notice in any case of emergency) to inspect the Property, and (ii) the right to examine and audit all books, contracts and records of Trustor relating to the Property

Section 2 14. Right To Reappraise Beneficiary shall have the right to conduct or have conducted by an independent appraiser acceptable to Beneficiary appraisals of the Property in form and substance satisfactory to Beneficiary at the sole cost and expense of Trustor, provided, however, that Trustor shall not be obligated to bear the expense of such appraisals so long as (a) no Event of Default exists, and (b) such appraisals are not required by applicable law, rule or regulation of any governmental authority having jurisdiction over Beneficiary The cost of such appraisals, if chargeable to Trustor as aforesaid, shall be added to the Liabilities and shall be secured by this Deed of Trust in accordance with the provisions of Article I hereof

ARTICLE III

SECURITY AGREEMENT, FIXTURE FILING

This Deed of Trust constitutes a security agreement under the Code and shall be deemed to constitute a fixture financing statement. Trustor hereby grants to Beneficiary a security interest in the personal and other property (other than real property) included in the Property, and all replacements of, substitutions for, and additions to, such property, and the proceeds thereof. Beneficiary may, at Trustor's expense, file and refile any financing or continuation statements or other security agreements Beneficiary may reasonably require from time to time to perfect, confirm or maintain the lien of this Deed of Trust with respect to such property. Without limiting the foregoing, Trustor hereby irrevocably appoints Beneficiary attorney-in-fact for Trustor to execute, deliver and file such Deed of Trusts for or on behalf of Trustor at Trustor's expense, which appointment, being for security, is coupled with an interest and shall be irrevocable. With respect to goods that become fixtures after the recording of this Deed of Trust and before the completion of construction of the Improvements, this Deed of Trust is, and shall be construed to be, a "Construction Deed of Trust" under the Code, and any mortgage or deed of trust given to refinance this Deed of Trust shall be, and shall be construed to be, a deed of trust given to refinance a construction deed of trust. For purposes of perfecting the security interest in personal property which is intended to become fixtures, Trustor hereby certifies as follows:

- (a) Trustor's state of organization is Texas,
- (b) Trustor's address is c/o San Antonio Alternative Housing Corporation, 1215 South Trinity Street, San Antonio, Texas 78207, and
- (c) Trustor's tax identification number is #74-2951658

Trustor authorizes Beneficiary to file a financing statement with the appropriate filing offices in the State in which Trustor is a registered organization, without Trustor's signature, further to perfect the security interests granted herein.

ARTICLE IV

ASSIGNMENT OF LEASES

Trustor hereby absolutely, presently and unconditionally conveys, transfers and assigns to Beneficiary all of Trustor's right, title and interest, now existing or hereafter arising, in and to the Leases and Rents. Notwithstanding that this assignment is effective immediately, so long as no Event of Default exists, Trustor shall have the privilege under a revocable license granted hereby to operate and manage the Property and to collect, as they become due, but not prior to accrual, the Rents. Trustor shall receive and hold such Rents in trust as a fund to be applied, and Trustor hereby covenants and agrees that such Rents shall be so applied, first, to the operation, maintenance and repair of the Property and the payment of interest, principal and other sums becoming due under the Liabilities, before retaining and/or disbursing any part of the Rents for any other purpose. The license herein granted to Trustor shall automatically, without notice or any other action by Beneficiary, terminate upon the occurrence of an Event of Default, and all

Rents subsequently collected or received by Trustor shall be held in trust by Trustor for the sole and exclusive benefit of Beneficiary. Nothing contained in this Article IV, and no collection by Beneficiary of Rents, shall be construed as imposing on Beneficiary any of the obligations of the lessor under the Leases.

Trustor shall timely perform all of its obligations under the Leases. Trustor represents and warrants that (a) Trustor has title to and full right to assign presently, absolutely and unconditionally the Leases and Rents, (b) no other assignment of any interest in any of the Leases or Rents has been made, and (c) Trustor has not accepted Rent under any Lease more than 30 days in advance of its accrual, and payment thereof has not otherwise been forgiven, discounted or compromised.

Trustor shall not, without the prior written consent of Beneficiary (a) enter into any single lease of all or substantially all of the Property, or (b) collect or accept rent from any tenant of the Property for a period of more than one month in advance. Any of the foregoing acts, if done without the prior written consent of Assignee in each instance, shall be null and void.

ARTICLE V

DECLARATION OF NO OFFSET

Trustor represents to Beneficiary that Trustor has no knowledge of any offsets, counterclaims or defenses to the Liabilities either at law or in equity. Trustor shall, within five days upon request in person or within seven days upon request by mail, furnish to Beneficiary or Beneficiary's designee a written statement in form satisfactory to Beneficiary confirming the amount due under the Liabilities and whether there are offsets or defenses against the same and, if so, the nature and extent thereof.

ARTICLE VI

ENVIRONMENTAL MATTERS

Section 6 01 Definitions As used herein, "Environmental Laws" shall mean all existing or future federal, state and local statutes, ordinances, regulations, rules, executive orders, standards and requirements, including the requirements imposed by common law, concerning or relating to industrial hygiene and the protection of health and the environment including, but not limited to, (a) those relating to the generation, manufacture, storage, transportation, disposal, release, emission or discharge of Hazardous Substances (as hereinafter defined), (b) those in connection with the construction, fuel supply, power generation and transmission, waste disposal or any other operations or processes relating to the Property, and (c) those relating to the atmosphere, soil, surface and ground water, wetlands, stream sediments and vegetation on, under, in or about the Property. Any terms mentioned herein which are defined in any Environmental Law shall have the meanings ascribed to such terms in said laws, provided, however, that if any of such laws are amended so as to broaden any term defined therein, such broader meaning shall apply subsequent to the effective date of such amendment.

Section 6.02. Representations, Warranties and Covenants Trustor represents, warrants, covenants and agrees as follows

(a) Except as set forth in that certain environmental report accepted by Beneficiary in connection with the making of the Loan, neither Trustor nor the Property or any occupant thereof is in violation of or subject to any existing, pending, threatened investigation or inquiry by any governmental authority pertaining to any Environmental Law. Trustor shall not cause or permit the Property to be in violation of, or do anything which would subject the Property to any remedial obligations under, any Environmental Law, and shall promptly notify Beneficiary in writing of any existing, pending or threatened investigation or inquiry by any governmental authority in connection with any Environmental Law. In addition, Trustor shall provide Beneficiary with copies of any and all material written communications with any governmental authority in connection with any Environmental Law, concurrently with Trustor's giving or receiving of same.

(b) Trustor has taken all reasonable steps necessary to determine and has determined that there has been no release, spill, discharge, leak, disposal or emission (individually, a "Release" and, collectively, "Releases") of any hazardous material, hazardous substance or hazardous waste, including gasoline, petroleum products, explosives, toxic substances, mycotoxins, solid wastes and radioactive materials (collectively, "Hazardous Substances") at, upon, under or within the Property. The use which Trustor or any other occupant of the Property makes or intends to make of the Property will not result in Release of any Hazardous Substances on or to the Property. During the term of this Deed of Trust, Trustor shall take all steps necessary to determine whether there has been a Release of any Hazardous Substances on or to the Property and if Trustor finds a Release has occurred, Trustor shall remove or remediate the same promptly upon discovery at its sole cost and expense.

(c) To the best of Trustor's knowledge, the Property has not been used by the present or previous owners and/or operators nor will be used in the future to refine, produce, store, handle, transfer, process, transport, generate, manufacture, heat, treat, recycle or dispose of Hazardous Substances.

(d) The Property (i) is being operated and complies with all Environmental Laws, and all permits required thereunder have been obtained and complied with in all respects, and (ii) does not have any Hazardous Substances present excepting small quantities of products, in proper storage containers, that are used in the operation of the commercial business of Trustor and its tenants, and the usual waste products therefrom ("Permitted Substances").

(e) Trustor will and will use commercially reasonable efforts to cause its tenants to operate the Property in compliance with all Environmental Laws and, other than Permitted Substances, will not place or permit to be placed any Hazardous Substances on the Property.

(f) No lien has been attached to or threatened to be imposed upon the Property, and there is no basis for the imposition of any such lien based on any

governmental action under Environmental Laws Neither Trustor nor any other person has been, is or will be involved in operations at the Property which could lead to the imposition of environmental liability on Trustor, or on any subsequent or former owner of the Property, or the creation of an environmental lien on the Property In the event that any such lien is filed, Trustor shall, within 30 days from the date that Trustor is given notice of such lien (or within such shorter period of time as is appropriate in the event that steps have commenced to have the Property sold), either (i) pay the claim and remove the lien from the Property, or (ii) furnish a cash deposit, bond or other security satisfactory in form and substance to Beneficiary in an amount sufficient to discharge the claim out of which the lien arises

Section 6 03. Right To Inspect and Cure Beneficiary shall have the right to conduct or have conducted by its agents or contractors such environmental inspections, audits and tests as Beneficiary shall deem necessary or advisable from time to time at the sole cost and expense of Trustor, provided, however, that Trustor shall not be obligated to bear the expense of such environmental inspections, audits and tests so long as (a) no Event of Default exists, and (b) Beneficiary has no cause to believe in its reasonable judgment that there has been a Release or threatened Release of Hazardous Substances at the Property or that Trustor or the Property is in violation of any Environmental Law The cost of such inspections, audits and tests, if chargeable to Trustor as aforesaid, shall be added to the Liabilities and shall be secured by this Deed of Trust Trustor shall, and shall use reasonable efforts to cause each tenant of the Property to, cooperate with such inspection efforts, such cooperation shall include, without limitation, supplying all information requested concerning the operations conducted and Hazardous Substances located at the Property In the event that Trustor fails to comply with any Environmental Law, Beneficiary may, in addition to any of its other remedies under this Deed of Trust, cause the Property to be in compliance with such laws and the cost of such compliance shall be added to the sums secured by this Deed of Trust in accordance with the provisions of Article I hereof

ARTICLE VII

EVENTS OF DEFAULT

Each of the following shall constitute a default (each, an "Event of Default") hereunder

- (a) Nonpayment when due of any sum required to be paid to Beneficiary under the Note (giving effect to any notice and period of grace provided therein),
- (b) A breach of any covenant contained in Section 2 03, 2 04, 2 06, 2 07 or 10 14 hereof,
- (c) A breach by Trustor of any other term, covenant, condition, obligation or agreement under this Deed of Trust and the continuance of such breach for a period of 30 days after written notice thereof shall have been given to Trustor,
- (d) An Event of Default under any of the other Loan Documents not cured as provided therein,

(e) Any representation or warranty made by Trustor or by any guarantor in any Loan Document or to induce Beneficiary to enter into the transactions contemplated hereunder shall prove to be false, incorrect or misleading in any material respect as of the date when made,

(f) The filing by or against Trustor or any guarantor of a petition seeking relief, or the granting of relief, under the Federal Bankruptcy Code or any similar federal or state statute, any assignment for the benefit of creditors made by Trustor or any guarantor, the appointment of a custodian, receiver, liquidator or trustee for Trustor or any guarantor or for any of the property of Trustor or any guarantor, or any action by Trustor or any guarantor to effect any of the foregoing, or if Trustor or any guarantor becomes insolvent (however defined) or is not paying its debts generally as they become due,

(g) The death, dissolution, liquidation, merger, consolidation or reorganization of Trustor or any guarantor of the Liabilities or the institution of any proceeding to effect any of the foregoing,

(h) The filing, entry or issuance of any judgment, execution, garnishment, attachment, distraint or lien against Trustor or the Property, subject to the provisions of Section 2.07 hereof, if applicable, and

(i) A default under any other loan from the Beneficiary to Trustor or under any other obligation secured by the Property or any part thereof continuing beyond any applicable notice and grace periods

ARTICLE VIII

REMEDIES

Section 8.01. Acceleration, Remedies At any time during the existence of an Event of Default, Beneficiary, at Beneficiary's option, may declare the Liabilities to be immediately due and payable without further demand, and may invoke the power of sale and any other remedies permitted by Texas law or provided in this Deed of Trust or in any other Loan Document. Trustor acknowledges that the power of sale granted in this Deed of Trust may be exercised by Beneficiary without prior judicial hearing. Beneficiary shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including attorneys' fees, costs of documentary evidence, abstracts and title reports.

(a) If Beneficiary invokes the power of sale, Beneficiary may, by and through the Trustee, or otherwise, sell or offer for sale the Property in such portions, order and parcels as Beneficiary may determine, with or without having first taken possession of the 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 Real Estate 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 Service Equipment 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 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 Real Estate 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 Real Estate may be situated, which notice may be posted and filed by the Trustee acting, or by any person acting for the Trustee, and Beneficiary 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 Liabilities according to Beneficiary'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 Beneficiary'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.

(b) Trustee shall deliver to the purchaser at the sale, within a reasonable time after the sale, a deed conveying the Property so sold in fee simple with covenants of general warranty. Trustor covenants and agrees to defend generally the purchaser's title to the 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. Trustee shall apply the proceeds of the sale in the following order: (i) to all reasonable costs and expenses of the sale, including reasonable Trustee's fees not to exceed 5% of the gross sales price, attorneys' fees and costs of title evidence, (ii) to the Liabilities in such order as Beneficiary, in Beneficiary's discretion, directs, and (iii) the excess, if any, to the person or persons legally entitled to the excess.

(c) If all or any part of the Property is sold pursuant to this Section 8, Trustor will be divested of any and all interest and claim to the 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 Property. Additionally, after a sale of all or any part of the Real Estate, Improvements, and Service Equipment, Trustor 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 Trustor shall fail to vacate the Property immediately, the purchaser may and shall have the right, without further notice to Trustor, to go into any justice court in any precinct or county in which the Property is located and file an action in forcible entry and detainer, which action shall lie against Trustor 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 Deed of Trust or otherwise.

(d) In any action for a deficiency after a foreclosure under this Deed of Trust, 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 Property, as of the date of the foreclosure sale, the following shall be the basis of the court's determination of fair market value:

(i) the 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,

(ii) 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 Deed of Trust shall be considered,

(iii) the valuation of the Property shall be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Property for cash within a six month-period after foreclosure,

(iv) although the Property may be disposed of more quickly by the foreclosure purchaser, the gross valuation of the Property as of the date of foreclosure shall be discounted for a hypothetical reasonable holding period (not to exceed 6 months) at a monthly rate equal to the average monthly interest rate on the Note for the twelve months before the date of foreclosure,

(v) the gross valuation of the 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,

(vi) 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 years' experience in appraising property similar to the Property in the county where the Property is located, and who has conducted and prepared a complete written appraisal of the Property taking into considerations the factors set forth in this Deed of Trust, no expert opinion testimony shall be considered without such written appraisal,

(vii) evidence of comparable sales shall be considered only if also included in the expert opinion testimony and written appraisal referred to in subsection (vi), above, and

(viii) an affidavit executed by Beneficiary to the effect that the foreclosure bid accepted by Trustee was equal to or greater than the value of the Property determined by Beneficiary based upon the factors and methods set forth in subsections (i) through (vii) 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 Property on the foreclosure date

(e) Beneficiary may, at Beneficiary'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 Property shall include Rents collected before a foreclosure sale, but attributable to the period following the foreclosure sale, and Trustor shall pay such Rents to the purchaser at such sale At any such sale

(i) whether made under the power contained in this Deed of Trust, Section 51.002 of the Texas Property Code, Chapter 9 of 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 Property (Trustor shall deliver to Trustee any portion of the Property not actually or constructively possessed by Trustee immediately upon demand by Trustee) and the title to and right of possession of any such property shall pass to the purchaser as completely as if the property had been actually present and delivered to the purchaser at the sale,

(ii) each Deed of Trust of conveyance executed by Trustee shall contain a general warranty of title, binding upon Trustor,

(iii) the recitals contained in any Deed of Trust of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited in the Deed of Trust, including nonpayment of the Liabilities and the advertisement and conduct of the sale in the manner provided in this Deed of Trust and otherwise by law and the appointment of any successor Trustee,

(iv) all prerequisites to the validity of the sale shall be conclusively presumed to have been satisfied,

(v) 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 non-application of such purchase money,

(vi) to the fullest extent permitted by law, Trustor shall be completely and irrevocably divested of all of Trustor's right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale shall be a perpetual bar to any claim to all or any part of the property sold, both at law and in equity, against Trustor and against any person claiming by, through or under Trustor, and

(vii) to the extent and under such circumstances as are permitted by law, Beneficiary may be a purchaser at any such sale

Section 8.02 Release Upon payment of the Liabilities, Beneficiary shall release this Deed of Trust Trustor shall pay Beneficiary's reasonable costs incurred in releasing this Deed of Trust

Section 8 03. Trustee

(a) Trustee may resign by giving of notice of such resignation in writing to Beneficiary. If Trustee shall die, resign or become disqualified from acting under this Deed of Trust or shall fail or refuse to act in accordance with this Deed of Trust when requested by Beneficiary or if for any reason and without cause Beneficiary shall prefer to appoint a substitute trustee to act instead of the original Trustee named in this Deed of Trust or any prior successor or substitute trustee, Beneficiary 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 Deed of Trust. Such appointment may be executed by an authorized officer, agent or attorney-in-fact of Beneficiary (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 Beneficiary.

(b) Any successor Trustee appointed pursuant to this Section 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 Deed of Trust, but, nevertheless, upon the written request of Beneficiary or such successor Trustee, the Trustee ceasing to act shall execute and deliver an Deed of Trust 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 property and monies held by the Trustee ceasing to act to the successor Trustee.

(c) Trustee may authorize one or more parties to act on Trustee's behalf to perform the ministerial functions required of Trustee under this Deed of Trust, including the transmittal and posting of any notices.

Section 8 04 Intentionally Omitted

Section 8 05 No Fiduciary Duty Beneficiary owes no fiduciary or other special duty to Trustor.

Section 8 06 Fixture Filing This Deed of Trust is also a fixture filing under the Uniform Commercial Code of Texas.

Section 8 07. Additional Provisions Regarding Assignment of Rents Article IV shall not be construed to require a *pro tanto* or other reduction of the Liabilities resulting from the assignment of Rents. If the provisions of Article IV and the preceding sentence cause the assignment of Rents in Article IV to be deemed to be an assignment for additional security only, Beneficiary shall be entitled to all rights, benefits and remedies attendant to such collateral assignment. The assignment of Rents contained in Article IV shall terminate upon the release of this Deed of Trust.

Section 8 08 Loan Charges Trustor and Beneficiary intend at all times to comply with the laws of the State of Texas governing the maximum rate or amount of interest payable on or in connection with the Liabilities (or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, reserve or receive a greater amount of interest

than under Texas law) If the applicable law is ever judicially interpreted so as to render usurious any amount payable under the Note, this Deed of Trust or any other Loan Document, or contracted for, charged, taken, reserved or received with respect to the Liabilities, or if acceleration of the maturity of the Liabilities, or if any prepayment by Trustor results in Trustor having paid any interest in excess of that permitted by any applicable law, then Trustor and Beneficiary expressly intend that all excess amounts collected by Beneficiary shall be applied to reduce the unpaid principal balance of the Liabilities (or, if the Liabilities has been or would thereby be paid in full, shall be refunded to Trustor), and the provisions of the Note, this Deed of Trust and the other Loan Documents immediately shall be deemed reformed and the amounts thereafter collectible under the 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 The right to accelerate the maturity of the Liabilities does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Beneficiary does not intend to collect any unearned interest in the event of acceleration All sums paid or agreed to be paid to Beneficiary for the use, forbearance or detention of the Liabilities shall, to the extent permitted by any applicable law, be amortized, prorated, allocated and spread throughout the full term of the Liabilities until payment in full so that the rate or amount of interest on account of the Liabilities does not exceed the applicable usury ceiling Notwithstanding any provision contained in the Note, this Deed of Trust or any other Loan Document that permits the compounding of interest, including any provision by which any accrued interest is added to the principal amount of the Liabilities, the total amount of interest that Trustor is obligated to pay and Beneficiary is entitled to receive with respect to the Liabilities shall not exceed the amount calculated on a simple (i.e., non-compounded) interest basis at the maximum rate on principal amounts actually advanced to or for the account of Trustor, including all current and prior advances and any advances made pursuant to the Deed of Trust or any other Loan Document (such as for the payment of Impositions and similar expenses or costs)

Section 8 09 Property and Liability Insurance – Delivery of Policy to Beneficiary

Notwithstanding the provisions of Section 2 03, Trustor shall not be required to deliver evidence of any renewal policy of insurance to Beneficiary in the form of a certificate of insurance more than 15 days prior to the expiration date of the policy then held by Beneficiary

Section 8 10 ENTIRE AGREEMENT THIS DEED OF TRUST, THE NOTE 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 INDEMNITY

Section 8 11 WAIVER OF TRIAL BY JURY. TRUSTOR AND BENEFICIARY EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS DEED OF TRUST OR THE RELATIONSHIP BETWEEN THE PARTIES AS TRUSTOR AND BENEFICIARY 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

ARTICLE IX INDEMNITY

Section 9 01. Indemnity (a) Trustor shall pay, and shall defend, protect, indemnify and save harmless the Trustee and Beneficiary, their heirs, legal representatives, successors and assigns, from and against, all liabilities, losses, damages, costs, expenses (including attorney's fees and expenses), causes of action, suits, claims, demands or judgments of any nature arising out of Trustor's interest in the Property, or the use, condition or occupancy of such property, including, without limitation, those arising from any or all of the following (A) injury to or death of any person, or damage to or loss of property, on the Property or on adjoining sidewalks, streets or ways, or connected with the use, condition or occupancy thereof (not arising directly from the Trustee's or the Beneficiary's negligent acts (but not omissions) or willful misconduct on or about the Property), (B) violations by Trustor of this Deed of Trust, (C) real estate taxes and other taxes, claims and charges arising out of the ownership, leasing, use, condition or occupancy of the Property, (D) any notices, orders, violations or penalties filed against Trustor or imposed upon the Property or any part thereof or any other property of Trustor, or, to the extent the same relate to the transactions contemplated by this Deed of Trust, against the Trustee or the Beneficiary (including in each case and without limitation, any liability, expenses, loss or damage arising out of any violation (or alleged violation) of any Environmental Law or the existence (or alleged existence) of any Hazardous Substance on, in or under such Property and whether or not the same shall have migrated there from adjacent properties), and (E) any action taken or omitted to be taken by the Trustee hereunder, but only if such action or omission is not caused by the negligence of Trustee Upon the occurrence of any event giving rise to liability of the Trustor under the indemnification contained in this Paragraph (a), the Trustee shall give the Trustor notice of such event and a copy of any communication or document received by the Trustee with respect to each event and Trustor shall be entitled to conduct the negotiation or defense of any claim, cause of action, suit, demand or judgment by counsel selected by Trustor, subject to the approval of such counsel by the Trustee in its reasonable judgment The failure of the Trustee to give the Trustor prompt notice of such occurrence shall not excuse the Trustor from liability under this Paragraph (a) except to the extent that such liability arose directly by reason of the failure of the Trustee to give such notice The indemnification provided in this Paragraph (a) shall survive the discharge, release or satisfaction of this Deed of Trust and the payment in full of the Note as to any cause of action, suit, claim, demand or judgment arising prior to such discharge, release or satisfaction This indemnification shall not extend to any willful misconduct, gross negligence or bad faith of Trustee or Beneficiary

(b) Trustor hereby agrees to indemnify and hold harmless Trustee, Beneficiary, and their respective successors, assigns, directors, officers, shareholders, employees, attorneys and agents (collectively the "indemnified parties") from and against any and all losses, damages, claims, liabilities, obligations, penalties, actions, judgments, suits, costs and expenses (including without limitation attorney's fees and disbursements) which may be imposed on, incurred by or asserted against any of the indemnified parties in connection with the Property described herein, the Note secured hereby, this Deed of Trust, and any and all other Loan Documents executed in connection therewith, or any transaction or matter in any way connected

with the Property described herein, the Note secured hereby or the other Loan Documents executed in connection therewith or in any manner arising out of the use or intended use of the proceeds of the loan evidenced by the Note secured hereby, INCLUDING LOSSES, DAMAGES, CLAIMS, LIABILITIES, OBLIGATIONS, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS OR EXPENSES ARISING FROM THE NEGLIGENCE OF BENEFICIARY, except to the extent any such losses, damages, claims, liabilities, obligations, penalties, actions, judgments, suits, costs or expenses are incurred solely as the result of the willful misconduct, bad faith or gross negligence of the indemnified parties. Any amount payable in accordance with this paragraph (b) shall be deemed part of the indebtedness secured hereby and shall bear interest at the rate or rates provided in the Note and be payable immediately upon demand by Beneficiary or otherwise in accordance with the terms of this Deed of Trust. The indemnification provided in this Paragraph (b) shall survive the discharge, termination, foreclosure, release or satisfaction of this Deed of Trust and the payment in full of the Note as to any cause of action, suit, claim, demand or judgment arising prior to such discharge, termination, foreclosure, release or satisfaction.

ARTICLE X MISCELLANEOUS

Section 10.01 Notices All notices and communications under this Deed of Trust shall be in writing and shall be given by (a) hand delivery, (b) certified, first-class mail (postage prepaid, return receipt requested), or (c) reliable overnight commercial courier (charges prepaid), to the addresses listed in this Deed of Trust. Notice shall be deemed to have been given and received (i) if by hand delivery, upon delivery, (ii) if by mail, five days after the date first deposited in the U.S. mail, and (iii) if by overnight courier, on the date scheduled for delivery. A party may change its address by giving written notice to the other party as specified herein.

Section 10.02 Remedies Cumulative The rights and remedies of Beneficiary as provided in this Deed of Trust or in any other Loan Document shall be cumulative and concurrent, may be pursued separately, successively or together, may be exercised as often as occasion therefor shall arise, and shall be in addition to any other rights or remedies conferred upon Beneficiary at law or in equity. The failure, at any one or more times, of Beneficiary to assert the right to declare the Liabilities due, grant any extension of time for payment of the Liabilities, take other or additional security for the payment thereof, release any security, change any of the terms of the Loan Documents, or waive or fail to exercise any right or remedy under any Loan Document shall not in any way affect this Deed of Trust or the rights of Beneficiary.

Section 10.03 No Implied Waiver Beneficiary shall not be deemed to have modified or waived any of its rights or remedies hereunder unless such modification or waiver is in writing and signed by Beneficiary, and then only to the extent specifically set forth therein. A waiver in one event shall not be construed as continuing or as a waiver of or bar to such right or remedy on a subsequent event.

Section 10.04 Partial Invalidity The invalidity or unenforceability of any one or more provisions of this Deed of Trust shall not render any other provision invalid or unenforceable. In lieu of any invalid or unenforceable provision, there shall be added automatically a valid and

enforceable provision as similar in terms to such invalid or unenforceable provision as may be possible

Section 10 05. Binding Effect The covenants, conditions, waivers, releases and agreements contained in this Deed of Trust shall bind, and the benefits thereof shall inure to, the parties hereto and their respective heirs, executors, administrators, successors and assigns and are intended and shall be held to be real covenants running with the land, provided, however, that this Deed of Trust cannot be assigned by Trustor without the prior written consent of Beneficiary, and any such assignment or attempted assignment by Trustor shall be void and of no effect with respect to Beneficiary

Section 10 06 Modifications This Deed of Trust may not be supplemented, extended, modified or terminated except by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought

Section 10 07 Commercial Loan Trustor represents and warrants that the loans or other financial accommodations included as Liabilities secured by this Deed of Trust were obtained solely for the purpose of carrying on or acquiring a business or commercial investment and not for residential, consumer or household purposes

Section 10 08 Governing Law This Deed of Trust shall be governed by and construed in accordance with the substantive laws of the State of Texas without reference to conflict-of-laws principles

Section 10 09 Joint and Several Liability If Trustor consists of more than one person or entity, the word "Trustor" shall mean each of them and their liability shall be joint and several

Section 10 10. Nonmerger In the event Beneficiary shall acquire title to the Property by conveyance from Trustor or as a result of foreclosure, this Deed of Trust shall not merge in the fee estate of the Property but shall remain and continue as an existing and enforceable lien for the Liabilities secured hereby until the same shall be released of record by Beneficiary in writing

Section 10.11 Additional Usury Provisions Trustor and Beneficiary intend at all times to comply with the laws of the State of Texas governing the maximum rate or amount of interest payable on or in connection with the Liabilities (or applicable United States federal law to the extent that it permits Beneficiary to contract for, charge, take, reserve or receive a greater amount of interest than permits Beneficiary to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law) If the applicable law is ever judicially interpreted so as to render usurious any amount payable under the Note, this Deed of Trust or any Loan Documents, or contracted for, charged, taken, reserved or received with respect to the Liabilities, or if acceleration of the maturity of the Liabilities, or if any prepayment by Trustor results in Trustor having paid any interest in excess of that permitted by any applicable law, then Trustor and Beneficiary expressly intend that all excess amounts collected by Beneficiary shall be applied to reduce the unpaid principal balance of the Liabilities (or, if the Liabilities has been or would thereby be paid in full, shall be refunded to Trustor), and the provisions of the Note,

this Deed of Trust and the Loan Documents immediately shall be deemed reformed and the amounts thereafter collectible under the 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. The right to accelerate the maturity of the Liabilities does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Beneficiary does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Beneficiary for the use, forbearance or detention of the Liabilities shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the Liabilities until payment in full so that the rate or amount of interest on account of the Liabilities does not exceed the applicable usury ceiling. Notwithstanding any provisions contained in the Note, this Deed of Trust or any Loan Documents that permits the compounding of interest, including any provisions by which any accrued interest is added to the principal amount of the Liabilities, the total amount of interest that Trustor is obligated to pay and Beneficiary is entitled to receive with respect to the Liabilities shall not exceed the amount calculated on a simple (i.e., noncompounded) interest basis at the maximum rate on principal amounts actually advanced to or for the account of Trustor, including all current and prior advances and any advances made pursuant to the Deed of Trust or any Loan Documents (such as for the payment of impositions and similar expenses or costs).

Section 10 12 Non-Recourse The obligations of Trustor under this Deed of Trust shall be non-recourse to the extent provided in Section 10 01 of the Loan Agreement.

Section 10 13 Extended Low-Income Housing Commitment If applicable, the Beneficiary agrees 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 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 Property by Deed of Trust in lieu of foreclosure or comparable conversion of the Loan, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code. The Trustor 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 Beneficiary as a result of an Event of Default by the Trustor, and any amounts paid to cure any default under the Extended Use Agreement, shall be an obligation of the Trustor and become part of the indebtedness secured by this Deed of Trust.

Section 10 14. Single Asset Trustor. Until the indebtedness secured by this Deed of Trust is paid in full, Trustor (a) shall not own any real or personal property other than the Property and personal property related to the operation and maintenance of the Property, (b) shall not operate any business other than the management and operation of the Property, and (c) shall not maintain its assets in a way difficult to segregate and identify.

Section 10 15 Reporting Within 120 days after the end of each fiscal year of Trustor, Trustor shall furnish to Beneficiary (a) a statement of income and expenses for Trustor's operation of the Property for that fiscal year, (b) a statement of changes in financial position of Trustor relating to the Property for that fiscal year, (c) when requested by Beneficiary, a balance

sheet showing all assets and liabilities of Trustor relating to the Property as of the end of that fiscal year, and (d) such other reports and information as Beneficiary may reasonably request from time to time. If Trustor's fiscal year is other than the calendar year, Trustor must also submit to Beneficiary a year-end statement of income and expenses within 120 days after the end of the calendar year.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Trustor has hereunto executed this Deed of Trust as of the day and year first above written

TRUSTOR

**SAN ANTONIO ALTERNATIVE HOUSING
CORPORATION NO. 15**, a Texas non-profit corporation

By _____
Name Ron Radle
Title Executive Director

STATE OF TEXAS)
 ss
COUNTY OF)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared **RON RADLE**, in his capacity as **EXECUTIVE DIRECTOR** of **SAN ANTONIO ALTERNATIVE HOUSING CORPORATION NO 15**, a Texas non-profit corporation, known to me to be the person whose name is subscribed to the foregoing Deed of Trust, and, being by me first duly sworn, declared and acknowledged to me under oath that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein stated, as the act and deed of said corporation

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of May, 2007

Notary Public in and for _____
County, State of _____

EXHIBIT A
LEGAL DESCRIPTION

BOND PURCHASE AGREEMENT

May __, 2007

Austin Housing Finance Corporation
1000 East Eleventh Street
Suite 200
Austin, Texas 78702

San Antonio Alternative Housing Corporation No 15
1215 South Trinity Street
San Antonio, Texas 78207

Re \$_____ Austin Housing Finance Corporation Multifamily Housing
Revenue Bonds (Meadowood Apartments Project), Series 2007A

\$_____ Austin Housing Finance Corporation Multifamily Housing
Revenue Bonds (Meadowood Apartments Project), Taxable Series 2007B

Ladies and Gentlemen

The undersigned, Wachovia Bank, National Association (in such capacity, the "Initial Purchaser"), hereby offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with Austin Housing Finance Corporation (the "Issuer") and San Antonio Alternative Housing Corporation No 15, a Texas nonprofit corporation (the "Borrower"), for the purchase by the Initial Purchaser and sale by the Issuer of (i) \$_____ aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Series 2007A (the "Series A Bonds") and (ii) \$_____ aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Taxable Series 2007B (the "Series B Bonds," and together with the Series A Bonds, the "Bonds") This offer is made subject to the acceptance by the Issuer and the Borrower prior to 5 00 p m , Charlotte, North Carolina time, on the date hereof, and upon such acceptance this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Borrower and the Initial Purchaser

Section 1 Purchase Price Upon the terms and conditions and based on the representations, warranties and covenants of the Issuer and the Borrower hereinafter set forth, the Initial Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Initial Purchaser, all, but not less than all, of the Bonds at an aggregate purchase price of \$_____, the par amount of the Bonds The Bonds are to be dated the date of delivery

thereof, and are to mature, be subject to redemption prior to maturity and bear interest as set forth in the Indenture (as defined in Section 2)

Section 2 Bond Documents The Bonds shall be as described in, and shall be issued and secured under and pursuant to, a Trust Indenture dated as of May 1, 2007 (the "Indenture") between the Issuer and American National Bank, as trustee (the "Trustee") The proceeds of the Bonds will be loaned by the Issuer to the Borrower pursuant to a Loan Agreement dated as of May 1, 2007 (the "Loan Agreement") The Borrower's payment obligations under the Loan Agreement will be evidenced by two promissory notes (the "Notes") to be executed by the Borrower on the hereinafter defined Closing Date and secured by a First Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the Closing Date (the "Mortgage")

Section 3 Representations, Warranties and Covenants of the Issuer The Issuer makes the following representations, warranties and covenants, all of which shall survive delivery of the Bonds, and agrees with the Initial Purchaser that

(a) The Issuer is and will be at the Closing Date duly organized and validly existing as a housing finance corporation of the State of Texas with the power and authority under the constitution and laws of the State of Texas, to issue the Bonds and to execute, deliver and perform its obligations hereunder and under the Loan Agreement and the Indenture, to pledge the property described in the Indenture and to be pledged thereby in the manner and to the extent therein set forth, all actions required for the issuance of the Bonds and the execution and delivery of, and the performance of its obligations under, this Purchase Agreement and under the Loan Agreement, the Indenture and the Bonds have been, or as of the Closing Date will have been, duly and effectively taken, this Purchase Agreement has been and the Loan Agreement and the Indenture will, as of the Closing Date, have been duly executed, issued and delivered and, assuming the due authorization, execution and delivery by the other parties thereto are, or will, as of the Closing Date, be valid, binding and enforceable agreements of the Issuer, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, and the Bonds will, as of the Closing Date, have been duly authorized, executed, issued and delivered, and will constitute, legal, valid and binding limited obligations of the Issuer, enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally

(b) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Loan Agreement or this Purchase Agreement or (ii) the tax-exempt status of interest on the Series A Bonds

(c) The execution and delivery by the Issuer of the Bonds, the Indenture, the Loan Agreement and this Purchase Agreement and the performance by the Issuer of its

obligations thereunder (i) do not violate applicable provisions of the constitution, statutory laws or regulations of the State of Texas, (ii) do not violate its activating resolution or bylaws, (iii) do not breach or result in a default under any other agreement to which it is a party, and (iv) do not violate the terms of any judicial or administrative judgment, order, decree or arbitral decision that names the Issuer and is specifically directed to it or its properties, and no approval or other action by, or filing or registration with, any governmental authority or agency is required in connection therewith that has not been obtained or accomplished or will not be obtained or accomplished by the Closing Date (provided no representation or warranty is expressed as to any action required under federal or state securities or Blue Sky laws in connection with the sale of the Bonds by the Initial Purchaser)

(d) Each of the representations of the Issuer contained in the Loan Agreement and in the Indenture are and will, as of the Closing Date, be true and correct in all material respects and are hereby made to the Initial Purchaser as if set forth herein

(e) The Issuer will not take or omit to take any action, which action or omission might in any way result in the inclusion of the interest on the Series A Bonds in gross income of the owners thereof for federal income tax purposes

(f) Any certificate signed by any officer or official of the Issuer and delivered to the Initial Purchaser shall be deemed a representation and warranty by the Issuer as to the statements made therein

(g) The Issuer is not in default in the payment of the principal of or interest on any of its other indebtedness for borrowed money or under any instrument under or subject to which any indebtedness has been incurred and the Issuer has no knowledge that any event has occurred or is continuing that, with the lapse of time or the giving of notice, or both, would constitute an event of default under any such indebtedness or instrument

Section 4 Representations, Warranties and Covenants of the Borrower The Borrower makes the following representations, warranties and covenants, all of which shall survive delivery of the Bonds, and agrees with the Initial Purchaser that

(a) The Borrower is and will be on the Closing Date a duly organized and validly existing nonprofit corporation in good standing under the laws of the State of Texas and has full power and authority to own its properties and operate its business, as presently conducted, the Borrower has taken all necessary corporate action to authorize, execute and deliver this Purchase Agreement, and the Borrower has, or as of the Closing Date will have, taken all necessary corporate action to authorize, execute and deliver the Loan Agreement, the Notes and the Mortgage (this Purchase Agreement, the Loan Agreement, the Notes and the Mortgage being referred to hereinafter collectively as the "Borrower Documents"), the Borrower has approved the terms of the Indenture and this Purchase Agreement has been, and the other Borrower Documents will, as of the Closing Date, have been duly executed and delivered by the Borrower, and will constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in

accordance with their respective terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and the application of general principles of equity

(b) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Borrower, threatened against or affecting the Borrower wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of the Borrower or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Borrower Documents, the Bonds or the Indenture or (ii) the tax-exempt status of interest on the Series A Bonds

(c) The execution and delivery by the Borrower of this Purchase Agreement and the other Borrower Documents and the performance by the Borrower of its obligations thereunder are within the corporate powers of the Borrower and (i) do not violate provisions of statutory laws or regulations applicable to the Borrower, (ii) do not violate its articles of incorporation or bylaws and (iii) do not breach or result in a default under any other agreement to which it is a party

(d) The information relating to the Borrower and the Project (as defined in the Indenture) provided to the Initial Purchaser is true and correct in all material respects

(e) Each of the Borrower's representations and warranties contained in the Borrower Documents are and will, as of the Closing Date, be true and correct in all material respects and are hereby made to the Initial Purchaser as if set forth herein

(f) The Borrower will not take or omit to take any action, which action or omission might in any way result in the inclusion of interest on the Series A Bonds in gross income of the owners thereof for federal income tax purposes

(g) Any certificate signed by any officer of the Borrower and delivered to the Initial Purchaser shall be deemed a representation and warranty by the Borrower as to the statements made therein

(h) The Borrower is not in default in the payment of the principal of or interest on any other of its indebtedness for borrowed money or under any instrument under or subject to which any indebtedness has been incurred and no event has occurred and is continuing that, with the lapse of time or the giving of notice or both, would constitute an event of default under any such instrument

Section 5 Purchase of the Bonds

(a) The Initial Purchaser agrees to purchase the Bonds for the price of \$_____, the par amount of the Bonds

(b) The Initial Purchaser's obligations under this Purchase Agreement shall be conditioned upon the performance by the Issuer and the Borrower of their respective

obligations to be performed hereunder and shall also be subject to the following additional conditions

(i) the representations and warranties of the Issuer and the Borrower contained herein shall be true, complete and correct in all material respects on the date hereof and as of the Closing Date as if made on the Closing Date,

(ii) as of the Closing Date, (A) this Purchase Agreement, the other Borrower Documents, the Bonds and the Indenture shall be in full force and effect and shall be in the forms previously furnished to the Initial Purchaser except for such changes as may have been agreed to by the Initial Purchaser, and (B) there shall be in full force and effect such ordinances and resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby,

(iii) none of the following shall have occurred between the date hereof and the Closing Date

(A) legislation shall have been enacted by the Congress of the United States of America or the legislature of the State of Texas or shall have been reported out of committee of either body or be pending in a committee of either body, or shall have been recommended to the Congress of the United States of America or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been 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 shall have been rendered by a court of the United States or of the State of Texas or the United States Tax Court, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States or any branch thereof or the Internal Revenue Service, with respect to federal or the State of Texas taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds, which in the reasonable judgment of the Initial Purchaser, materially adversely affects the market for municipal securities, such as the Bonds,

(B) there shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of

such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable judgment of the Initial Purchaser, materially adversely affects the market for municipal securities, such as the Bonds,

(C) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction,

(D) a general banking moratorium shall have been established by either federal, North Carolina, Texas or New York authorities or any devaluation of the dollar shall have been proposed or effected by any governmental authority of the United States,

(E) there shall be any material adverse change in the affairs of the Issuer or the Borrower that, in the reasonable judgment of the Initial Purchaser, affects materially and adversely the market price or the marketability of municipal securities, such as the Bonds,

(F) there shall be established any new material restriction on transactions in securities (including the imposition of any limitation on interest rates) or the sale of the Bonds by the Initial Purchaser as contemplated by this Purchase Agreement,

(G) there shall occur a default with respect to the debt obligations of or the institution of proceedings under bankruptcy laws by or against any state of the United States or agency or instrumentality thereof or any municipality located in the United States or agency or instrumentality thereof that, in the reasonable judgment of the Initial Purchaser, affects materially and adversely the market price or marketability of municipal securities, such as the Bonds, or

(H) any legislation shall be enacted or proposed, any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) of the Securities and Exchange Commission or other governmental agency shall have been made or issued that would (1) make the Bonds or any securities of the Issuer or of any similar body subject to the registration requirements of the Securities Act of 1933, as amended, or (2) require the qualification of an indenture with respect to the Bonds or any such securities under the Trust Indenture Act of 1939, as amended,

(iv) at or prior to the Closing Date, all of the conditions to the issuance of the Bonds set forth in the Indenture shall have been satisfied in a manner satisfactory to the Initial Purchaser

If there shall be a failure to satisfy the conditions to the Initial Purchaser's obligations contained in this Purchase Agreement or if the Initial Purchaser's obligations shall be terminated for any reason permitted under this Purchase Agreement, this Purchase Agreement shall terminate, and the Initial Purchaser, the Issuer and the Borrower shall have no further obligation hereunder, except as provided in Section 7

Section 6 Closing At 10 00 a m , Austin, Texas time, on May 31, 2007, or at such other time or on such earlier or later date as we mutually agree upon (herein called the "Closing" and the date of the Closing herein called the "Closing Date"), the Issuer will deliver or cause to be delivered to The Bank of New York, as agent for the Initial Purchaser, at 3rd floor – Window B, ASP#117629, 1 Wall Street, New York, New York 10286, Attention Vincent Fuente, or at such other place as the parties hereto may mutually agree upon, the Bonds as described below in typewritten form duly executed and authenticated, and at the offices of McCall, Parkhurst & Horton L L P , Austin, Texas, the other documents mentioned herein It is anticipated that CUSIP identification numbers will be placed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Agreement Upon such delivery of the Bonds, the Initial Purchaser will pay the full purchase price thereof by immediately available federal funds payable to the Trustee on behalf of the Issuer One fully-registered Bond for each maturity of each series, in the aggregate principal amount of each such maturity, shall be issued to and registered in the name of Wachovia Bank, National Association

Section 7 Fees and Expenses

(a) The Borrower shall pay all fees and expenses incurred in connection with the issuance and sale of the Bonds and the preparation, execution, delivery and filing of this Purchase Agreement, the Indenture, the Bonds, the Loan Agreement, any other Borrower Document and any other document that may be delivered in connection herewith or therewith, including, but not limited to, the fees and expenses of Bond Counsel, counsel for the Initial Purchaser, counsel for the Borrower and counsel for the Issuer, the fees and expenses of the Issuer and the Trustee, the cost of printing and delivery of the Bonds, rating agency fees, if any, and the fees and expenses of the Initial Purchaser (including, without limitation, a closing fee in the amount of \$_____)

(b) Such fees and expenses shall be paid by the Borrower whether or not the Bonds are issued or sold All such fees and expenses, to the extent they are identifiable and billed, shall be paid on the Closing Date, and the remainder shall be paid promptly upon receipt of statements therefor The obligations of the Borrower under this Section shall survive the issuance and maturity of the Bonds and any termination of this Purchase Agreement

Section 8 **Governing Law** This Purchase Agreement has been executed and delivered at, and shall be deemed to have been made in, Texas, and shall be interpreted in accordance with the internal laws (as opposed to the conflicts of laws provisions) of the State of Texas

Section 9 **Counterparts** This Purchase Agreement may be signed in any number of counterparts, each of which shall be an original, and by the parties hereto on separate counterparts, with the same effect as if the signatures thereto and hereto were upon the same instrument

Section 10 **Binding Effect** This Purchase Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns, except that no party hereto may assign any of its rights or obligations hereunder without the consent of the other parties

Section 11 **Survival of Representations and Obligations** The agreements, representations, warranties and covenants set forth in this Purchase Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of the Initial Purchaser, the Issuer or the Borrower or any of their respective officials, officers, directors or agents, and will survive delivery of and payment for the Bonds, the maturity of the Bonds and any termination of this Purchase Agreement

Section 12 **Notices** All notices, certificates, requests or other communications hereunder shall be given in accordance with Section 13.01 of the Indenture using the same address for the Initial Purchaser

Section 13 **Purchaser's Understanding**

(a) The Initial Purchaser has neither requested nor received from (nor does the Initial Purchaser expect to receive from) the Issuer or any of its directors, officers, employees or agents any information with respect to the Borrower, the Issuer, the Bonds or the security therefor, except for any such information which is included within the express representations and warranties of the Issuer in this Purchase Agreement or in any other instrument delivered to the Initial Purchaser by or on behalf of the Issuer in connection with the transactions contemplated hereby

(b) Neither the Issuer nor any of its directors, officers, employees or agents shall have any responsibility to the Initial Purchaser for the completeness of information obtained by the Initial Purchaser from any source with respect to the Borrower, its assets, business, circumstances, financial condition and properties, or with respect to the Bonds, and the security purported to be afforded hereby or, subject only to the exception stated in (a) above, for the accuracy of any such information, and the Initial Purchaser acknowledges that, as between itself and the Issuer, the Initial Purchaser assumes responsibility for obtaining such information and making such investigation as it deems necessary or desirable in connection with the decision to purchase the Bonds

(c) The Initial Purchaser has been provided with, or given access to, all financial and other information it has requested of the Borrower in connection with its purchase of the Bonds

(d) The Initial Purchaser has such information and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in the Bond and considers this investment to be prudent

(e) The Initial Purchaser is purchasing the Bonds for its own account and not with a view to the resale or distribution thereof, except to any trust or similar vehicle established by the Initial Purchaser

(f) The Initial Purchaser understands that neither the Borrower nor the Issuer have prepared or provided any offering statement, prospectus, offering circular or other comprehensive offering statement containing material information with respect to the Bonds, the Issuer or the Borrower. The Initial Purchaser has made its own inquiry and analysis with respect to the Issuer, the Borrower, the Project (as defined in the Indenture), the Bonds and the security therefore and other material factors affecting the security for and the payment of the Bonds, and the Issuer shall have no responsibility for the completeness or accuracy of any information with respect thereto

Section 14 **Miscellaneous**

(a) This Purchase Agreement may be amended from time to time only by an instrument in writing executed by all the parties hereto

(b) The headings contained herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Purchase Agreement

(c) Any provision of this Purchase Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating any other provision hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction

[The remainder of this page is left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement to be duly executed as of the day and year first above written

WACHOVIA BANK, NATIONAL ASSOCIATION

By _____
Name _____
Title _____

ACCEPTED

AUSTIN HOUSING FINANCE CORPORATION

By _____
Name _____
Title _____

**SAN ANTONIO ALTERNATIVE HOUSING
CORPORATION NO 15**

By _____
Name _____
Title _____

[Signature page to Purchase Agreement]

ASSIGNMENT OF LIENS AND SECURITY INTEREST

THE STATE OF TEXAS

KNOWN ALL BY THESE PRESENTS

COUNTY OF DALLAS

_____ (herein called the "Assignor"), for and in consideration of the sum of ten and no/100 dollars (\$10 00) cash and valuable consideration in hand paid by American National Bank, a national association, as Trustee, a national banking association (hereinafter called the "Assignee"), and in receipt and sufficiency of which consideration are hereby confessed and acknowledged by the Assignor, has transferred, assigned, sold, set over, and delivered, and does hereby transfer, assign, sell, set over, and deliver, unto the Assignee the First Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of May 31, 2007, made by the San Antonio Alternative Housing Corporation No 15 to the Assignor for the benefit and use of the Austin Housing Finance Corporation

This Assignment is made by the Assignor without recourse or warranty, express or implied. This Assignment is executed in connection with and in furtherance of a Trust Indenture of even date herewith by and between the Assignee and the Austin Housing Finance Corporation and a Loan Agreement of even date herewith by and between the Assignee and the San Antonio Alternative Housing Corporation No 15, all in connection of the issuance of the Austin Housing Finance Corporation's Multifamily Housing Revenue Bonds (Meadowood Apartments Project) Series 2007A and Taxable Series 2007B

AFTER RECORDING RETURN TO

American National Bank
3033 E 1st Avenue
Denver, Colorado 80206-5698
Attn: Tamara Dixon

Executed on the date of the acknowledgment set forth hereinbelow, to be effective, however, for all purposes as of the 31st day of May, 2007

_____, as Assignor

THE STATE OF TEXAS
COUNTY OF TRAVIS

This instrument was acknowledged before me on the ____ day of May, 2007 by
Tamara Dixon, mortgage trustee and officer of American National Bank

(SEAL)

Witness my hand and seal at office in _____ this _____ day
of _____, 2007

Notary Public