

# EXHIBIT A

MPH Draft #7  
05/24/07

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## TRUST INDENTURE

Dated as of May 1, 2007

between

**AUSTIN HOUSING FINANCE CORPORATION,**  
as Issuer

and

**AMERICAN NATIONAL BANK,**  
as Trustee

Relating to

\$9,150,000  
Austin Housing Finance Corporation  
Multifamily Housing Revenue Bonds  
(Meadowood Apartments Project),  
Series 2007A

and

\$458,000  
Austin Housing Finance Corporation  
Multifamily Housing Revenue Bonds  
(Meadowood Apartments Project),  
Taxable Series 2007B

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## **TABLE OF CONTENTS**

		<b>Page</b>
	<b>ARTICLE I</b>	
	<b>DEFINITIONS, PROVISIONS OF GENERAL APPLICATION</b>	
Section 1 01	Definitions	4
Section 1 02	Ownership of Bonds, Effect of Action by Bondholders	21
Section 1 03	Effect of Headings and Table of Contents	21
Section 1 04	Date of Indenture	21
Section 1 05	Designation of Time for Performance	21
	<b>ARTICLE II</b>	
	<b>LIMITED LIABILITY</b>	
Section 2 01	Source of Payment of Bonds and Other Obligations, Disclaimer of General Liability	22
Section 2 02	Exempt from Individual Liability	22
Section 2 03	Bonds Not an Obligation of the State or Any Political Subdivision	22
	<b>ARTICLE III</b>	
	<b>THE BONDS</b>	
Section 3 01	Terms	23
Section 3 02	Form of Bonds	25
Section 3 03	Execution, Initial Bond, Authentication	25
Section 3 04	Registration, Transfer and Exchange	26
Section 3 05	Mutilated Destroyed, Lost and Stolen Bonds and Registered Coupons	27
Section 3 06	Persons Deemed Owners	28
Section 3 07	Cancellation	28
Section 3 08	Book-Entry System	28
	<b>ARTICLE IV</b>	
	<b>REDEMPTION OF BONDS</b>	
Section 4 01	Optional Redemption	30
Section 4 02	Redemption from Amounts Transferred from Project Fund	31
Section 4 03	Mandatory Redemption	31
Section 4 04	Redemption for Loan Agreement Default	31
Section 4 05	[Reserved]	32
Section 4 06	Mandatory Sinking Fund Redemption	32
Section 4 07	Purchase in Lieu of Redemption	32
Section 4 08	Mandatory Redemption for Tax Events	32

Section 4 09	Notice of Redemption	32
Section 4 10	Deposit of Redemption Price or Purchase Price	33
Section 4 11	Bonds Payable on Redemption Date	33
Section 4 12	Partial Redemption, Selection of Bonds	34

#### ARTICLE V DELIVERY OF BONDS, APPLICATION OF BOND PROCEEDS

Section 5 01	Conditions Precedent to the Delivery of Bonds	34
Section 5 02	Application of Bond Proceeds and Other Funds	35

#### ARTICLE VI PLEDGE, FUNDS

Section 6 01	Pledge of Revenues and Assets	36
Section 6 02	Establishment of Funds	36
Section 6 03	Application of Pledged Revenues	36
Section 6 04	Bond Fund	37
Section 6 05	Repair Escrow Fund	37
Section 6 06	Costs of Issuance Fund	37
Section 6 07	Project Fund	38
Section 6 08	Rebate Fund	39
Section 6 09	Replacement Reserve Fund	41
Section 6 10	Disposition of Balance in Funds	41
Section 6 11	Application of Funds and Accounts upon Event of Default	41
Section 6 12	Non-Presentation of Bonds	42
Section 6 13	Repayment from Funds and Accounts	42
Section 6 14	Additional Funds	42

#### ARTICLE VII INVESTMENT OF FUNDS

Section 7 01	Investment of Funds	42
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#### ARTICLE VIII REPRESENTATIONS AND COVENANTS

Section 8 01	Representations by the Issuer	44
Section 8 02	No Encumbrance on Trust Estate	45
Section 8 03	Payment of Bond Obligations	45
Section 8 04	Loan Agreement Performance	46
Section 8 05	Maintenance of Records, Inspection of Records	46

Section 8 06	Advances by Trustee	46
Section 8 07	Tax Covenants	46
Section 8 08	Performance by the Borrower	48

## ARTICLE IX DEFAULT, REMEDIES

Section 9 01	Events of Default	48
Section 9 02	Acceleration of Maturity, Rescission and Annulment	49
Section 9 03	Additional Remedies, Bondholder Representative Enforcement	50
Section 9 04	Application of Money Collected	50
Section 9 05	Remedies Vested in Trustee and Bondholder Representative	51
Section 9 06	Limitation on Suits, Rights of Bondholders	51
Section 9 07	Unconditional Right of Bondholders to Receive Principal, Premium and Interest	52
Section 9 08	Restoration of Positions	52
Section 9 09	Rights and Remedies Cumulative	52
Section 9 10	Delay or Omission Not Waiver	53
Section 9 11	Waiver of Past Defaults	53
Section 9 12	Remedies Under Loan Agreement or Notes	53
Section 9 13	Waiver of Appraisalment and Other Laws	54
Section 9 14	Suits to Protect the Trust Estate	54
Section 9 15	Remedies Subject to Applicable Law	54
Section 9 16	Assumption of Obligations	54

## ARTICLE X THE TRUSTEE

Section 10 01	Appointment of Trustee, Acceptance	55
Section 10 02	Certain Duties and Responsibilities of Trustee	55
Section 10 03	Notice of Defaults	56
Section 10 04	Certain Rights of Trustee	56
Section 10 05	Not Responsible for Recitals	57
Section 10 06	May Hold Bonds	57
Section 10 07	Money Held in Trust	57
Section 10 08	Compensation and Reimbursement	58
Section 10 09	Trustee Required, Eligibility	58

Section 10 10	Resignation and Removal, Appointment of Successor	58
Section 10 11	Acceptance of Appointment by Successor	59
Section 10 12	Merger, Conversion, Consolidation or Succession to Business	59
Section 10 13	Requirements for Bondholder Consent and Instruction to the Trustee	60
Section 10 14	Appointment of Co-Trustee	60
Section 10 15	Loan Servicing	61
Section 10 16	Requests from Rating Agency	61
Section 10 17	No Recourse Against Officers or Employees of Trustee	62

#### ARTICLE XI SUPPLEMENTAL INDENTURES, AMENDMENT OF LOAN AGREEMENT AND BOND DOCUMENTS

Section 11 01	Supplemental Trust Indentures without Bondholders' Consent	62
Section 11 02	Supplemental Trust Indentures with Bondholders' Consent	63
Section 11 03	Supplemental Indentures Part of Indenture	64
Section 11 04	Discretion of Trustee to Execute Supplemental Indenture	64
Section 11 05	Consents and Opinions	64
Section 11 06	Notation of Modification on Bonds, Preparation of New Bonds	64
Section 11 07	Amendments to Loan Agreement and Bond Documents Not Requiring Consent of Bondholders	65
Section 11 08	Amendments to Loan Agreement and Bond Documents Requiring Consent of Bondholders	65
Section 11 09	Consents and Opinions	66

#### ARTICLE XII DEFEASANCE

Section 12 01	Satisfaction and Discharge of Indenture	67
Section 12 02	Trust for Payment of Debt Service	67

#### ARTICLE XIII MISCELLANEOUS

Section 13 01	Notices	68
Section 13 02	Notice to Bondholders, Waiver	70
Section 13 03	Successors and Assigns	70
Section 13 04	Benefits of Indenture	70
Section 13 05	Bondholder Representative	70
Section 13 06	Proof of Execution of Writings and Ownership	71

Section 13 07	Legal Holidays	71
Section 13 08	Governing Law	71
Section 13 09	Severability	72
Section 13 10	Execution in Several Counterparts	72
Section 13 11	Nonrecourse Obligation of the Borrower	72
Section 13 12	Conflict	72
EXHIBIT A	FORM OF BOND	
EXHIBIT B	MANDATORY SINKING FUND SCHEDULE	
EXHIBIT C	FORM OF NOTICE OF APPOINTMENT OF SUCCESSOR BONDHOLDER REPRESENTATIVE	
EXHIBIT D	FORM OF WRITTEN REQUISITION OF THE BORROWER	
EXHIBIT E	FORM OF INVESTOR LETTER	

## **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 \$9,150,000 (the "Series A Bonds") and (ii) its Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Taxable Series 2007B in the original aggregate principal amount of \$458,000 (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 31, 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 31, 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 as of May 31, 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, 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) \$9,150,000, the principal amount of the Series A Bonds authorized to be issued under this Indenture and (ii) \$458,000, 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) 5.565% per annum with respect to the Series A Bonds and (ii) 6.925% 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 Property Management Agreement dated as of June 6, 2002, 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 Arbor Property Management Agreement 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) October 1, 2010 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



*“Repair Escrow Fund”* means the Repair Escrow Fund created pursuant to Section 6 05

*“Replacement Reserve Agreement”* means the Replacement Reserve and Security Agreement dated as of May 1, 2007 by and between the Borrower and the Bondholder Representative

*“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 payable in arrears in the amount of the greater of 4.5 basis points and \$1,500, payable in semiannual installments on each June 1 and December 1, commencing December 1, 2007, 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, 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	§	
	§	REGISTER NO _____
THE STATE OF TEXAS	§	

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

(e) 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 June 1, 2022, if the Bondholder Representative provides not less than 180 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,



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 \$9,150,000) 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 \$458,000) 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,
- (e) the Repair Escrow Fund, and
- (f) 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. Repair Escrow Fund.**

**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 upon the written direction of the Bondholder Representative 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, payment is tendered prior to March 1, 2022 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, 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 Appraisal 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 appraisal, 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 advice 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 Multifamily Capital, Inc., 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, 20 <sup>th</sup> 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 Will Wynn  
Title President

[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 \$9,150,000 (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 \$458,000 (the "Series B Bonds")] [Multifamily Housing Revenue Bonds (Meadowood Apartments Project), Taxable Series 2007B issued in the aggregate principal amount of \$458,000 (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 \$9,150,000 (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 as of May 31, 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 Will Wynn  
Title President

Attest

By \_\_\_\_\_  
Name Shirley Gentry  
Title Secretary

### **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**  
**SERIES 2007A MANDATORY SINKING FUND SCHEDULE**

<u>Date</u>	<u>Amount</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
10/1/2010	\$6,876	\$9,335,000	\$9,328,124
11/1/2010	8,937	9,328,124	9,319,187
12/1/2010	8,978	9,319,187	9,310,209
1/1/2011	9,020	9,310,209	9,301,189
2/1/2011	9,062	9,301,189	9,292,127
3/1/2011	9,105	9,292,127	9,283,022
4/1/2011	9,147	9,283,022	9,273,875
5/1/2011	9,190	9,273,875	9,264,685
6/1/2011	9,234	9,264,685	9,255,451
7/1/2011	9,276	9,255,451	9,246,175
8/1/2011	9,319	9,246,175	9,236,856
9/1/2011	9,364	9,236,856	9,227,492
10/1/2011	9,407	9,227,492	9,218,085
11/1/2011	9,450	9,218,085	9,208,635
12/1/2011	9,495	9,208,635	9,199,140
1/1/2012	9,539	9,199,140	9,189,601
2/1/2012	9,584	9,189,601	9,180,017
3/1/2012	9,628	9,180,017	9,170,389
4/1/2012	9,673	9,170,389	9,160,716
5/1/2012	9,718	9,160,716	9,150,998
6/1/2012	9,765	9,150,998	9,141,233
7/1/2012	9,809	9,141,233	9,131,424
8/1/2012	9,855	9,131,424	9,121,569
9/1/2012	9,901	9,121,569	9,111,668
10/1/2012	9,948	9,111,668	9,101,720
11/1/2012	9,994	9,101,720	9,091,726
12/1/2012	10,042	9,091,726	9,081,684
1/1/2013	10,088	9,081,684	9,071,596
2/1/2013	10,136	9,071,596	9,061,460
3/1/2013	10,182	9,061,460	9,051,278
4/1/2013	10,230	9,051,278	9,041,048
5/1/2013	10,277	9,041,048	9,030,771
6/1/2013	10,325	9,030,771	9,020,446
7/1/2013	10,374	9,020,446	9,010,072
8/1/2013	10,422	9,010,072	8,999,650
9/1/2013	10,472	8,999,650	8,989,178
10/1/2013	10,520	8,989,178	8,978,658
11/1/2013	10,570	8,978,658	8,968,088
12/1/2013	10,618	8,968,088	8,957,470
1/1/2014	10,669	8,957,470	8,946,801
2/1/2014	10,718	8,946,801	8,936,083
3/1/2014	10,768	8,936,083	8,925,315
4/1/2014	10,818	8,925,315	8,914,497
5/1/2014	10,869	8,914,497	8,903,628
6/1/2014	10,919	8,903,628	8,892,709
7/1/2014	10,970	8,892,709	8,881,739
8/1/2014	11,022	8,881,739	8,870,717
9/1/2014	11,073	8,870,717	8,859,644
10/1/2014	11,125	8,859,644	8,848,519
11/1/2014	11,177	8,848,519	8,837,342
12/1/2014	11,230	8,837,342	8,826,112
1/1/2015	11,281	8,826,112	8,814,831



# **SERIES 2007A MANDATORY SINKING FUND SCHEDULE**

<u>Date</u>	<u>Amount</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
2/1/2015	11,334	8,814,831	8,803,497
3/1/2015	11,387	8,803,497	8,792,110
4/1/2015	11,440	8,792,110	8,780,670
5/1/2015	11,494	8,780,670	8,769,176
6/1/2015	11,547	8,769,176	8,757,629
7/1/2015	11,601	8,757,629	8,746,028
8/1/2015	11,655	8,746,028	8,734,373
9/1/2015	11,711	8,734,373	8,722,662
10/1/2015	11,765	8,722,662	8,710,897
11/1/2015	11,819	8,710,897	8,699,078
12/1/2015	11,875	8,699,078	8,687,203
1/1/2016	11,930	8,687,203	8,675,273
2/1/2016	11,987	8,675,273	8,663,286
3/1/2016	12,043	8,663,286	8,651,243
4/1/2016	12,098	8,651,243	8,639,145
5/1/2016	12,155	8,639,145	8,626,990
6/1/2016	12,211	8,626,990	8,614,779
7/1/2016	12,268	8,614,779	8,602,511
8/1/2016	12,326	8,602,511	8,590,185
9/1/2016	12,383	8,590,185	8,577,802
10/1/2016	12,441	8,577,802	8,565,361
11/1/2016	12,499	8,565,361	8,552,862
12/1/2016	12,558	8,552,862	8,540,304
1/1/2017	12,616	8,540,304	8,527,688
2/1/2017	12,675	8,527,688	8,515,013
3/1/2017	12,734	8,515,013	8,502,279
4/1/2017	12,795	8,502,279	8,489,484
5/1/2017	12,854	8,489,484	8,476,630
6/1/2017	12,914	8,476,630	8,463,716
7/1/2017	12,974	8,463,716	8,450,742
8/1/2017	13,035	8,450,742	8,437,707
9/1/2017	13,096	8,437,707	8,424,611
10/1/2017	13,157	8,424,611	8,411,454
11/1/2017	13,218	8,411,454	8,398,236
12/1/2017	13,281	8,398,236	8,384,955
1/1/2018	13,343	8,384,955	8,371,612
2/1/2018	13,404	8,371,612	8,358,208
3/1/2018	13,468	8,358,208	8,344,740
4/1/2018	13,530	8,344,740	8,331,210
5/1/2018	13,594	8,331,210	8,317,616
6/1/2018	13,656	8,317,616	8,303,960
7/1/2018	13,720	8,303,960	8,290,240
8/1/2018	13,784	8,290,240	8,276,456
9/1/2018	13,849	8,276,456	8,262,607
10/1/2018	13,913	8,262,607	8,248,694
11/1/2018	13,978	8,248,694	8,234,716
12/1/2018	14,044	8,234,716	8,220,672
1/1/2019	14,109	8,220,672	8,206,563
2/1/2019	14,175	8,206,563	8,192,388
3/1/2019	14,241	8,192,388	8,178,147
4/1/2019	14,309	8,178,147	8,163,838
5/1/2019	14,375	8,163,838	8,149,463
6/1/2019	14,443	8,149,463	8,135,020
7/1/2019	14,509	8,135,020	8,120,511

# **SERIES 2007A MANDATORY SINKING FUND SCHEDULE**

<u>Date</u>	<u>Amount</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
8/1/2019	14,577	8,120,511	8,105,934
9/1/2019	14,645	8,105,934	8,091,289
10/1/2019	14,714	8,091,289	8,076,575
11/1/2019	14,782	8,076,575	8,061,793
12/1/2019	14,851	8,061,793	8,046,942
1/1/2020	14,921	8,046,942	8,032,021
2/1/2020	14,990	8,032,021	8,017,031
3/1/2020	15,060	8,017,031	8,001,971
4/1/2020	15,131	8,001,971	7,986,840
5/1/2020	15,201	7,986,840	7,971,639
6/1/2020	15,272	7,971,639	7,956,367
7/1/2020	15,344	7,956,367	7,941,023
8/1/2020	15,415	7,941,023	7,925,608
9/1/2020	15,487	7,925,608	7,910,121
10/1/2020	15,560	7,910,121	7,894,561
11/1/2020	15,632	7,894,561	7,878,929
12/1/2020	15,705	7,878,929	7,863,224
1/1/2021	15,780	7,863,224	7,847,444
2/1/2021	15,853	7,847,444	7,831,591
3/1/2021	15,927	7,831,591	7,815,664
4/1/2021	16,001	7,815,664	7,799,663
5/1/2021	16,076	7,799,663	7,783,587
6/1/2021	16,151	7,783,587	7,767,436
7/1/2021	16,226	7,767,436	7,751,210
8/1/2021	16,302	7,751,210	7,734,908
9/1/2021	16,378	7,734,908	7,718,530
10/1/2021	16,455	7,718,530	7,702,075
11/1/2021	16,532	7,702,075	7,685,543
12/1/2021	16,609	7,685,543	7,668,934
1/1/2022	16,686	7,668,934	7,652,248
2/1/2022	16,764	7,652,248	7,635,484
3/1/2022	16,843	7,635,484	7,618,641
4/1/2022	16,921	7,618,641	7,601,720
5/1/2022	17,000	7,601,720	7,584,720
6/1/2022	17,080	7,584,720	7,567,640
7/1/2022	17,159	7,567,640	7,550,481
8/1/2022	17,240	7,550,481	7,533,241
9/1/2022	17,320	7,533,241	7,515,921
10/1/2022	17,401	7,515,921	7,498,520
11/1/2022	17,482	7,498,520	7,481,038
12/1/2022	17,564	7,481,038	7,463,474
1/1/2023	17,646	7,463,474	7,445,828
2/1/2023	17,728	7,445,828	7,428,100
3/1/2023	17,811	7,428,100	7,410,289
4/1/2023	17,894	7,410,289	7,392,395
5/1/2023	17,978	7,392,395	7,374,417
6/1/2023	18,062	7,374,417	7,356,355
7/1/2023	18,146	7,356,355	7,338,209
8/1/2023	18,231	7,338,209	7,319,978
9/1/2023	18,316	7,319,978	7,301,662
10/1/2023	18,402	7,301,662	7,283,260
11/1/2023	18,488	7,283,260	7,264,772
12/1/2023	18,574	7,264,772	7,246,198
1/1/2024	18,661	7,246,198	7,227,537

# **SERIES 2007A MANDATORY SINKING FUND SCHEDULE**

<u>Date</u>	<u>Amount</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
2/1/2024	18,748	7,227,537	7,208,789
3/1/2024	18,836	7,208,789	7,189,953
4/1/2024	18,924	7,189,953	7,171,029
5/1/2024	19,012	7,171,029	7,152,017
6/1/2024	19,101	7,152,017	7,132,916
7/1/2024	19,190	7,132,916	7,113,726
8/1/2024	19,280	7,113,726	7,094,446
9/1/2024	19,370	7,094,446	7,075,076
10/1/2024	19,460	7,075,076	7,055,616
11/1/2024	19,551	7,055,616	7,036,065
12/1/2024	19,642	7,036,065	7,016,423
1/1/2025	19,734	7,016,423	6,996,689
2/1/2025	19,826	6,996,689	6,976,863
3/1/2025	19,919	6,976,863	6,956,944
4/1/2025	20,012	6,956,944	6,936,932
5/1/2025	20,105	6,936,932	6,916,827
6/1/2025	20,199	6,916,827	6,896,628
7/1/2025	20,294	6,896,628	6,876,334
8/1/2025	20,388	6,876,334	6,855,946
9/1/2025	20,484	6,855,946	6,835,462
10/1/2025	20,579	6,835,462	6,814,883
11/1/2025	20,675	6,814,883	6,794,208
12/1/2025	20,772	6,794,208	6,773,436
1/1/2026	20,869	6,773,436	6,752,567
2/1/2026	20,967	6,752,567	6,731,600
3/1/2026	21,064	6,731,600	6,710,536
4/1/2026	21,163	6,710,536	6,689,373
5/1/2026	21,262	6,689,373	6,668,111
6/1/2026	21,361	6,668,111	6,646,750
7/1/2026	21,461	6,646,750	6,625,289
8/1/2026	21,561	6,625,289	6,603,728
9/1/2026	21,662	6,603,728	6,582,066
10/1/2026	21,763	6,582,066	6,560,303
11/1/2026	21,865	6,560,303	6,538,438
12/1/2026	21,967	6,538,438	6,516,471
1/1/2027	22,069	6,516,471	6,494,402
2/1/2027	22,172	6,494,402	6,472,230
3/1/2027	22,276	6,472,230	6,449,954
4/1/2027	22,380	6,449,954	6,427,574
5/1/2027	22,485	6,427,574	6,405,089
6/1/2027	22,590	6,405,089	6,382,499
7/1/2027	22,695	6,382,499	6,359,804
8/1/2027	22,801	6,359,804	6,337,003
9/1/2027	22,908	6,337,003	6,314,095
10/1/2027	23,015	6,314,095	6,291,080
11/1/2027	23,122	6,291,080	6,267,958
12/1/2027	23,230	6,267,958	6,244,728
1/1/2028	23,339	6,244,728	6,221,389
2/1/2028	23,448	6,221,389	6,197,941
3/1/2028	23,557	6,197,941	6,174,384
4/1/2028	23,667	6,174,384	6,150,717
5/1/2028	23,778	6,150,717	6,126,939
6/1/2028	23,889	6,126,939	6,103,050
7/1/2028	24,000	6,103,050	6,079,050

# **SERIES 2007A MANDATORY SINKING FUND SCHEDULE**

<u>Date</u>	<u>Amount</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
8/1/2028	24,112	6,079,050	6,054,938
9/1/2028	24,225	6,054,938	6,030,713
10/1/2028	24,338	6,030,713	6,006,375
11/1/2028	24,452	6,006,375	5,981,923
12/1/2028	24,566	5,981,923	5,957,357
1/1/2029	24,681	5,957,357	5,932,676
2/1/2029	24,796	5,932,676	5,907,880
3/1/2029	24,912	5,907,880	5,882,968
4/1/2029	25,028	5,882,968	5,857,940
5/1/2029	25,145	5,857,940	5,832,795
6/1/2029	25,263	5,832,795	5,807,532
7/1/2029	25,381	5,807,532	5,782,151
8/1/2029	25,499	5,782,151	5,756,652
9/1/2029	25,618	5,756,652	5,731,034
10/1/2029	25,738	5,731,034	5,705,296
11/1/2029	25,858	5,705,296	5,679,438
12/1/2029	25,979	5,679,438	5,653,459
1/1/2030	26,100	5,653,459	5,627,359
2/1/2030	26,222	5,627,359	5,601,137
3/1/2030	26,345	5,601,137	5,574,792
4/1/2030	26,468	5,574,792	5,548,324
5/1/2030	26,591	5,548,324	5,521,733
6/1/2030	26,716	5,521,733	5,495,017
7/1/2030	26,840	5,495,017	5,468,177
8/1/2030	26,966	5,468,177	5,441,211
9/1/2030	27,092	5,441,211	5,414,119
10/1/2030	27,218	5,414,119	5,386,901
11/1/2030	27,345	5,386,901	5,359,556
12/1/2030	27,473	5,359,556	5,332,083
1/1/2031	27,601	5,332,083	5,304,482
2/1/2031	27,730	5,304,482	5,276,752
3/1/2031	27,860	5,276,752	5,248,892
4/1/2031	27,990	5,248,892	5,220,902
5/1/2031	28,121	5,220,902	5,192,781
6/1/2031	28,252	5,192,781	5,164,529
7/1/2031	28,384	5,164,529	5,136,145
8/1/2031	28,517	5,136,145	5,107,628
9/1/2031	28,650	5,107,628	5,078,978
10/1/2031	28,784	5,078,978	5,050,194
11/1/2031	28,918	5,050,194	5,021,276
12/1/2031	29,053	5,021,276	4,992,223
1/1/2032	29,189	4,992,223	4,963,034
2/1/2032	29,325	4,963,034	4,933,709
3/1/2032	29,462	4,933,709	4,904,247
4/1/2032	29,600	4,904,247	4,874,647
5/1/2032	29,738	4,874,647	4,844,909
6/1/2032	29,877	4,844,909	4,815,032
7/1/2032	30,016	4,815,032	4,785,016
8/1/2032	30,157	4,785,016	4,754,859
9/1/2032	30,297	4,754,859	4,724,562
10/1/2032	30,439	4,724,562	4,694,123
11/1/2032	30,581	4,694,123	4,663,542
12/1/2032	30,724	4,663,542	4,632,818
1/1/2033	30,868	4,632,818	4,601,950

# **SERIES 2007A MANDATORY SINKING FUND SCHEDULE**

<u>Date</u>	<u>Amount</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
2/1/2033	31,012	4,601,950	4,570,938
3/1/2033	31,157	4,570,938	4,539,781
4/1/2033	31,302	4,539,781	4,508,479
5/1/2033	31,448	4,508,479	4,477,031
6/1/2033	31,595	4,477,031	4,445,436
7/1/2033	31,743	4,445,436	4,413,693
8/1/2033	31,891	4,413,693	4,381,802
9/1/2033	32,040	4,381,802	4,349,762
10/1/2033	32,190	4,349,762	4,317,572
11/1/2033	32,340	4,317,572	4,285,232
12/1/2033	32,491	4,285,232	4,252,741
1/1/2034	32,643	4,252,741	4,220,098
2/1/2034	32,795	4,220,098	4,187,303
3/1/2034	32,948	4,187,303	4,154,355
4/1/2034	33,102	4,154,355	4,121,253
5/1/2034	33,257	4,121,253	4,087,996
6/1/2034	33,412	4,087,996	4,054,584
7/1/2034	33,568	4,054,584	4,021,016
8/1/2034	33,725	4,021,016	3,987,291
9/1/2034	33,883	3,987,291	3,953,408
10/1/2034	34,041	3,953,408	3,919,367
11/1/2034	34,200	3,919,367	3,885,167
12/1/2034	34,360	3,885,167	3,850,807
1/1/2035	34,520	3,850,807	3,816,287
2/1/2035	34,681	3,816,287	3,781,606
3/1/2035	34,843	3,781,606	3,746,763
4/1/2035	35,006	3,746,763	3,711,757
5/1/2035	35,170	3,711,757	3,676,587
6/1/2035	35,334	3,676,587	3,641,253
7/1/2035	35,499	3,641,253	3,605,754
8/1/2035	35,665	3,605,754	3,570,089
9/1/2035	35,831	3,570,089	3,534,258
10/1/2035	35,999	3,534,258	3,498,259
11/1/2035	36,167	3,498,259	3,462,092
12/1/2035	36,336	3,462,092	3,425,756
1/1/2036	36,505	3,425,756	3,389,251
2/1/2036	36,676	3,389,251	3,352,575
3/1/2036	36,847	3,352,575	3,315,728
4/1/2036	37,019	3,315,728	3,278,709
5/1/2036	37,192	3,278,709	3,241,517
6/1/2036	37,366	3,241,517	3,204,151
7/1/2036	37,541	3,204,151	3,166,610
8/1/2036	37,716	3,166,610	3,128,894
9/1/2036	37,892	3,128,894	3,091,002
10/1/2036	38,069	3,091,002	3,052,933
11/1/2036	38,247	3,052,933	3,014,686
12/1/2036	38,426	3,014,686	2,976,260
1/1/2037	38,605	2,976,260	2,937,655
2/1/2037	38,785	2,937,655	2,898,870
3/1/2037	38,966	2,898,870	2,859,904
4/1/2037	39,148	2,859,904	2,820,756
5/1/2037	39,331	2,820,756	2,781,425
6/1/2037	2,781,425	2,781,425	0
	9,335,000.00		

**EXHIBIT B**  
**SERIES 2007B MANDATORY SINKING FUND SCHEDULE**

<u>Date</u>	<u>Amount</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
7/1/2007	\$5,586	\$310,000	\$304,414
8/1/2007	7,131	304,414	297,283
9/1/2007	7,174	297,283	290,109
10/1/2007	7,215	290,109	282,894
11/1/2007	7,257	282,894	275,637
12/1/2007	7,299	275,637	268,338
1/1/2008	7,342	268,338	260,996
2/1/2008	7,385	260,996	253,611
3/1/2008	7,428	253,611	246,183
4/1/2008	7,472	246,183	238,711
5/1/2008	7,515	238,711	231,196
6/1/2008	7,558	231,196	223,638
7/1/2008	7,602	223,638	216,036
8/1/2008	7,647	216,036	208,389
9/1/2008	7,691	208,389	200,698
10/1/2008	7,736	200,698	192,962
11/1/2008	7,781	192,962	185,181
12/1/2008	7,827	185,181	177,354
1/1/2009	7,872	177,354	169,482
2/1/2009	7,918	169,482	161,564
3/1/2009	7,965	161,564	153,599
4/1/2009	8,012	153,599	145,587
5/1/2009	8,058	145,587	137,529
6/1/2009	8,105	137,529	129,424
7/1/2009	8,153	129,424	121,271
8/1/2009	8,200	121,271	113,071
9/1/2009	8,247	113,071	104,824
10/1/2009	8,296	104,824	96,528
11/1/2009	8,345	96,528	88,183
12/1/2009	8,393	88,183	79,790
1/1/2010	8,442	79,790	71,348
2/1/2010	8,491	71,348	62,857
3/1/2010	8,540	62,857	54,317
4/1/2010	8,590	54,317	45,727
5/1/2010	8,640	45,727	37,087
6/1/2010	8,691	37,087	28,396
7/1/2010	8,741	28,396	19,655
8/1/2010	8,792	19,655	10,863
9/1/2010	8,844	10,863	2,019
10/1/2010	2,019	2,019	0
	310,000 00		

**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 of Series A Bonds proceeds 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



3 [The undersigned has provided you at your request an endorsement to the mortgagee title insurance policy delivered to the Trustee at closing insuring that no intervening claim, lien or other encumbrance or impediment to title as insured by the Title Insurance Policy has been filed or recorded against the Mortgaged Property, other than the Permitted Encumbrances ]

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 <sup>1</sup>] [the trustee, custodian or administrator of any trust, custodial or similar arrangement (a "Purchaser Trustee") the ownership interests in

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<sup>1</sup> 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 <sup>2]</sup>

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

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<sup>2</sup> 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 <sup>3]</sup>

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 <sup>1]</sup>

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

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<sup>3</sup> Bracketed text to be omitted if the Bonds are acquired by a Purchaser Trustee