AUSTIN HOUSING
FINANCE CORPORATION

RBA: Marshall Bond Issuance
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 2
AGENDA DATE: 03/03/2011

SUBJECT: Approve a resolution authorizing the issuance of Austin Housing finance Corporation Multi-Family Housing Revenue Bonds, in an amount not to exceed an aggregate principal amount of six million dollars in the form and substance of a trust indenture, a financing agreement, a regulatory agreement with respect to the project, and approve other matters in connection with the transaction to provide financing for the acquisition and rehabilitation of the Marshall Apartments, 1401 East 12th Street and 1157 Salina Street, to be owned and operated by MARSHALL AFFORDABLE PARTNERS, LTD, an affiliate of Summit Housing Partners, Inc., Montgomery AL, and authorize the Austin Housing Finance Corporation General Manager and the Austin Housing Finance Corporation Treasurer to execute the necessary documents to issue the bonds and close the transaction.

AMOUNT & SOURCE OF FUNDING: All bond issuance fees to be paid by the Applicant, Marshall Affordable Partners, Ltd.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING
DEPARTMENT: Austin Housing Finance Corporation

FOR MORE INFORMATION CONTACT: Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 974-3182

PRIOR BOARD ACTION: On December 9, 2010 the Austin Housing Finance Corporation Board approved an inducement resolution, set a public hearing date, and approved negotiation and execution for Rental Housing Development Assistance financing.

PRIOR COUNCIL ACTION:

The Applicant
Marshall Affordable Partners, Ltd. is an affiliate of Summit Housing Partners, Inc. (Summit) which owns and operates affordable and workplace housing with approximately 13,500 units in 87 apartment communities in nine states. Summit's business model is to acquire, rehabilitate, and operate Project-Based Section 8 or Low-Income Housing Tax Credit properties.

Request
If approved, this action will authorize:

- The issuance of six million dollars in Austin Housing Finance Corporation (AHFC) Multifamily Housing Revenue Bonds (Marshall Apartments) Series 2011;
- AHFC's Bond Counsel to prepare the form and substance of a trust indenture for the issue in addition to a regulatory agreement with respect to the project and other matters in connection with the transaction;
- Execution of a loan agreement with Marshall Affordable Partners, Ltd.; and
- Specific named representatives of the AHFC to execute the necessary documents to issue the bonds and close the transaction.

The bonds to be issued are repayable only from rents generated by the apartment complex and for which the full faith and credit of the City of Austin or the Austin Housing Finance Corporation is not pledged.

The primary public purpose of this financing will be to help preserve the supply of Project-Based Section 8 housing in Austin. Project-Based Section 8 properties receive rental subsidies directly from the U.S. Department of Housing and Urban Development (HUD) for a defined period of time. As identified in the City's 2008 Affordable Housing Preservation Study, approximately 1,350 affordable subsidized units in Austin will have agreements with HUD that expire in 2011, including the Marshall Apartments. Upon acquisition of the property, Marshall Affordable Partners, Ltd. will apply to HUD for a renewal of the direct rent subsidy payments.

AHFC as Bond Issuer

- Since 1982, AHFC has issued 25 series of multi-family housing revenue bonds totaling $226,275,000. These multi-family bonds have financed 33 multi-family properties, creating 6,582 low- and moderate-income rental units.
- The issuance of $6 million in revenue bonds will generate an issuer's fee to the AHFC of approximately $30,000 (one-half of 1 percent of the amount of bonds issued).
- AHFC received a $5,000 application fee from the Applicant.
- AHFC will receive approximately $1,560 annually as a monitoring fee over the life of the bonds. The fee is calculated at .0003 times the amount of bonds issued.

Project Characteristics

- Marshall Apartments is a Project-Based Section 8 property consisting of 100 units in two locations: 1401 East 12th Street (40 units) and 1157 Salina Street (60 units). Project-Based Section 8 properties receive a direct subsidy from the U.S. Department of Housing and Urban Development (HUD) for each unit for a specified period of time, up to 20 years. "Project-Based" means the HUD subsidy stays with the unit and is not portable for the resident to use elsewhere as is the case with the Housing Choice Voucher Program (formerly called "Section 8") administered by public housing authorities.
- The apartments were constructed in 1968 and consist of one, two, three and four-bedroom units. Each of the four-bedroom units has two baths.
- As of September 2010, the property was 98 percent occupied with a waiting list. No relocation of tenants will be necessary during renovations which are expected to be complete by November 1, 2011 and will include:

- replacement of appliances with Energy Star-rated appliances,
- replacement of windows with "low-e" windows,
- new flooring;
- new kitchen and bathroom cabinets and bathroom fixtures.

Population Served

To be eligible to receive tax credits, incomes are capped at 50 percent of Median Family Income (MFI), currently $36,900 for a family of four. However, the information provided states that all current tenants have incomes at or below 30 percent MFI, $22,150 for a family of four.

RESOLUTION NO. _____-AHFC_____

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (MARSHALL APARTMENTS) SERIES 2011; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS; AND AUTHORIZING REPRESENTATIVES OF THE AUSTIN HOUSING FINANCE CORPORATION TO EXECUTE DOCUMENTS

WHEREAS, Austin Housing Finance Corporation (Issuer) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code (Act), to finance the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford; and

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

WHEREAS, the Board of Directors of the Issuer (Board) has determined to authorize the issuance of the Issuer's Multifamily Housing Revenue Bonds (Marshall Apartments), Series 2011 (Bonds), in accordance with the terms of a Trust Indenture (the Indenture) by and between the Issuer and the trustee named in the Indenture (Trustee), to obtain funds to finance the Project (defined below), in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Issuer desires to use the proceeds of the Bonds to fund a mortgage loan to Marshall Affordable Partners, Ltd. (Borrower), an Alabama limited partnership, in order to (i) finance the costs of acquisition and rehabilitation of the residential rental project located in Austin, Texas (Project) containing units occupied by persons of low and moderate income, as determined by the Issuer, as required by Section 142(d) and 145 of the Internal Revenue Code, and Section 142(d) and to pay costs of issuance of the Bonds; and

WHEREAS, the Issuer, the Trustee, and the Borrower will execute and deliver a Financing Agreement (Financing Agreement) in which the Issuer will agree to lend funds to the Borrower to enable the Borrower to finance the Project; and

WHEREAS, the Borrower will execute and deliver a mortgage (Bond Mortgage) in which the Borrower will grant a lien upon and security interest in the real property in favor of the Issuer and the Trustee as security for, among other things, the performance of the Borrower's obligations under the Financing Agreement and the Issuer will assign its interest in the Project to the Trustee pursuant to an assignment from the Issuer to the Trustee (Assignment); and

WHEREAS, the Issuer, the Trustee, and the Borrower will execute a Regulatory Agreement, as defined in the Indenture, which will be filed of record in the real property records of Travis County, Texas; and

WHEREAS, the Board has further determined that the Issuer will deliver the Bonds to the Merchant Capital, L.L.C. (Underwriter) under a bond purchase agreement (Bond Purchase Agreement); and

WHEREAS, the Issuer, the Trustee, the Federal Home Mortgage Corporation, and the Borrower will execute an Intercreditor Agreement (Intercreditor Agreement), with respect to the Project, which will be filed of record in the real property records of Travis County, Texas; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Financing Agreement, the Bond Mortgage, Assignment, the Regulatory Agreement, and the Intercreditor Agreement, all of which are attached to and comprise a part of this Resolution; has found the form of the documents to be satisfactory and proper and the recitals relating to the Issuer to be true, correct and complete; and has determined to authorize the issuance of the Bonds, the execution and delivery of the documents and the taking of such other actions as may be necessary or convenient in connection with this transaction. **NOW THEREFORE,**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUSTIN HOUSING FINANCE CORPORATION:

Section 1.1 - Issuance, Execution and Delivery of the Bonds. The Board authorizes the issuance of the Bonds in accordance with the conditions in the Indenture, and, upon execution and delivery of the Indenture, the authorized representatives of the Issuer named in the Resolution each are authorized to execute and attest to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration, and the Trustee for authentication (to the extent required in the Indenture), and then to deliver the Bonds to the Underwriter. The interest rate for the Bonds will not exceed the maximum amount allowed under Texas law and the aggregate principal amount will not exceed $6,000,000.

Section 1.2 - Approval, Execution and Delivery of the Indenture. The form and substance of the Indenture are approved in substantially final form, and the authorized representatives of the Issuer named in this Resolution each are authorized to execute and attest to the Indenture and to deliver the Indenture to the Trustee.

Section 1.3 - Approval, Execution, and Delivery of the Financing Agreement and Regulatory Agreement; Acceptance of the Bond Mortgage. The form and substance of the Financing Agreement and the Regulatory Agreement are approved in substantially final form, and the authorized representatives of the Issuer named in this Resolution each are authorized to execute and attest to the Financing Agreement and the Regulatory Agreement; moreover, the form and substance of the Bond Mortgage are approved in substantially final form, the Bond Mortgage is accepted by the Issuer, and the authorized representatives of the Issuer named in this Resolution each are authorized hereby to execute, attest to, and affix the Issuer's seal to any instruments in connection with the Bond Mortgage.

Section 1.4. Execution and Delivery of Assignment. The form and substance of the

Assignment are approved in substantially final form, and the authorized representatives of the Issuer named in this Resolution each are authorized to execute and attest to the Assignment.

Section 1.5 - Approval, Execution, and Delivery of the Bond Purchase Agreement. The sale of the Bonds is approved; the form and substance of the Bond Purchase Agreement are approved in substantially final form; and the authorized representatives of the Issuer named in this Resolution each are authorized to execute and attest to the Bond Purchase Agreement, and to deliver the Bond Purchase Agreement to the Borrower and the Underwriter.

Section 1.6 - Approval of Issuer Information for Official Statement. The Board authorizes the use of the information pertaining to the Issuer in the form that has been presented to the Board at the meeting at which this Resolution was adopted; provided that, by adoption of this Resolution the Issuer does not accept responsibility for the content of the Official Statement except for the information specifically approved by this Section.

Section 1.7. Approval, Execution and Delivery of Assignment. The form and substance of the Intercreditor Agreement are approved in substantially final form, and the authorized representatives of the Issuer named in this Resolution each are authorized to execute and attest to the Intercreditor Agreement.

Section 1.8 - Execution and Delivery of Other Documents. The authorized representatives of the Issuer named in this Resolution each are authorized to execute, attest to, and to affix the Issuer's seal to such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other documents as may be necessary or convenient to carry out, or assist in carrying out, the purposes of this Resolution.

Section 1.9 - Exhibits Incorporated. All of the terms and provisions of each of the documents listed below as an exhibit are incorporated into and made a part of this Resolution for all purposes:

Exhibit A - Indenture
Exhibit B - Financing Agreement
Exhibit C - Regulatory Agreement
Exhibit D - Assignment
Exhibit E – Intercreditor Agreement
Exhibit F – Bond Purchase Agreement
Exhibit G – Official Statement Issuer Information
Exhibit H – Bond Mortgage

Section 1.10 - Power to Revise Form of Documents. The authorized representatives of the Issuer named in this Resolution each are authorized to make or approve such revisions in the form of the documents attached as, in the judgment of the authorized representative, or authorized representatives, and in the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Issuer, may be necessary or convenient to carry out, or assist in carrying out, the purpose of this

Resolution, this approval to be evidenced by the execution of the documents by the authorized representatives of the Issuer named in this Resolution.

Section 1.11 - Authorized Representatives. The President, Vice President, Treasurer, Secretary, and General Manager are named as authorized representatives of the Issuer for purposes of executing, attesting to, affixing the Issuer's seal to, and delivering the documents and instruments referred to in this Resolution.

Section 1.12 - Meeting. The meeting was held on March 3, 2011, and a quorum was present. The meeting was held in accordance with the Issuer's bylaws.

Exhibit A

Indenture

Exhibit B

Financing Agreement

Exhibit C

Regulatory Agreement

Exhibit D

Assignment

Exhibit E

Intercreditor Agreement

Exhibit F

Bond Purchase Agreement

Exhibit G

Official Statement Issuer Information

The Issuer was incorporated in 1979 as a public nonprofit corporation in accordance with the Act following adoption of an approving ordinance by the Austin City Council (the "City Council"). The Issuer is authorized pursuant to the Act to (a) make loans to any person to provide financing for residential developments located within the City of Austin, Travis County, Texas (the "City"), as determined by the Issuer; (b) issue its revenue bonds for the purpose of obtaining money 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 (c) 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 or the interest on such bonds. The Issuer has no taxing power and receives no appropriations from the State. The Issuer has not participated in the preparation of this Official Statement and, except for the information under the captions "THE ISSUER" and "ABSENCE OF LITIGATION — The Issuer," has not provided any of the information contained in this Official Statement.

Neither the State nor any political corporation or subdivision of the State, including the City, is liable for the payment of the principal of, premium of, if any, or interest on the Bonds. Such entities are prohibited from making payments with respect to the Bonds.

The Austin City Council serves as the Board of Directors (the "Board") of the Issuer.

In regards to private activity volume cap bonds, the Issuer's operations are solely the issuance of these bonds and the lending of the bond proceeds. All administrative functions to be performed in connection with the Bonds and the Project are contracted to be performed by the various other parties to the Indenture, the Loan Agreement, and the Mortgage. The Issuer will not have any involvement in the management or operation of the Project, which will be the sole responsibility of the Borrower.

The Issuer has previously issued bonds for the purpose of financing other properties for other borrowers which are payable from revenues received from such other borrowers. Revenue bonds issued by the Issuer for other borrowers have been, and may be, in default as to principal or interest. The source of payment for other bonds previously issued by the Issuer for other borrowers is separate and distinct from the source of payment for the Bonds, and accordingly, any default by any such other borrower with respect to any of such other bonds is not considered a material fact with respect to the payment of the Bonds.

Exhibit H

Bond Mortgage

TRUST INDENTURE

between

AUSTIN HOUSING FINANCE CORPORATION

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
AS TRUSTEE

Relating to

$[_____]
AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(MARSHALL APARTMENTS),
SERIES 2011

Dated as of [_____]

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EXHIBIT E BOND MORTGAGE LOAN FUND REQUISITION

TRUST INDENTURE

THIS TRUST INDENTURE (this "Indenture"), made and entered into as of [_____], by and between the **Austin Housing Finance Corporation** (the "Issuer"), a housing finance corporation organized and created under the laws of the State of Texas (the "State"), and **The Bank of New York Mellon Trust Company, N.A.**, a national banking association, organized and operating under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out, having a corporate trust office in Jacksonville, Florida, as trustee ("Trustee"),

W I T N E S S E T H:

WHEREAS, pursuant to Chapter 394 of the Texas Local Government Code, as amended (the "Act"), and this Indenture, the Issuer has determined to issue its Multifamily Housing Revenue Bonds (MARSHALL APARTMENTS), Series 2011 (the "Bonds") in the original aggregate principal amount of $[_____] to provide for the financing of a multifamily rental housing development located at 1157 Salina Street and 1401 East 12th Street Austin, Texas known as Marshall Apartments (the "Project"); and

WHEREAS, pursuant to a Financing Agreement dated as of the date hereof (the "Financing Agreement") among the Issuer, Marshall Affordable Partners, Ltd., a limited partnership duly organized and existing under the laws of the State of Alabama (the "Borrower"), and the Trustee, the Issuer has agreed to use the proceeds of the sale of Bonds to make a mortgage loan in the principal amount of $[_____] (the "Bond Mortgage Loan") to the Borrower in connection with the Project; and

WHEREAS, the Borrower has agreed to use the proceeds of the Bond Mortgage Loan to finance the acquisition and rehabilitation of the Project and to pay certain costs of issuance of the Bonds; and

WHEREAS, the Borrower's repayment obligations in respect of the Bond Mortgage Loan will be evidenced by a Bond Mortgage Note dated the Delivery Date (together with all riders and addenda thereto, the "Bond Mortgage Note") delivered to the Issuer, which Bond Mortgage Note will be endorsed by the Issuer to the Trustee; and

WHEREAS, the Borrower will cause to be delivered to the Trustee on the date of initial issuance of the Bonds (the "Delivery Date") a direct pay Credit Enhancement Agreement dated as of the date hereof (the "Credit Enhancement Agreement") between the Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Trustee which will provide for (i) draws in an amount equal to Guaranteed Payments with respect to the Bond Mortgage Loan and (ii) the payment of the Purchase Price of the Bonds during any period the Bonds bear interest at the Variable Rate, to the extent there are insufficient remarketing proceeds to pay the Purchase Price of the Bonds tendered for purchase while the Bonds bear interest at a Variable Rate; and

WHEREAS, Oak Grove Commercial Mortgage, LLC (the "Servicer") will act as initial servicer for the Bond Mortgage Loan; and

WHEREAS, the Borrower's reimbursement obligations to Freddie Mac for draws made under the Credit Enhancement Agreement will be evidenced by a Reimbursement and Security Agreement dated as of the date hereof (the "Reimbursement Agreement") between the Borrower and Freddie Mac; and

WHEREAS, to secure the Borrower's obligations under the Bond Mortgage Note, the Borrower will execute and deliver to the Issuer a First Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing dated as of the date hereof (the "Bond Mortgage") with respect to the Project, which Bond Mortgage will be assigned to the Trustee; and

WHEREAS, to secure the Borrower's reimbursement obligations under the Reimbursement Agreement, the Borrower will execute and deliver to Freddie Mac on the Delivery Date a Second Multifamily Deed of Trust, Assignment of Rents, Securities Agreement and Fixture Filing dated as of the date hereof (the "Reimbursement Mortgage") with respect to the Project; and

WHEREAS, the Issuer, the Trustee and Freddie Mac have also entered into an Intercreditor Agreement dated as of the date hereof (the "Intercreditor Agreement") in connection with Freddie Mac's provision of credit enhancement; and

WHEREAS, the Issuer has determined that all things necessary to make the Bonds, when executed by the Issuer and authenticated by the Trustee and issued in accordance with this Indenture, valid, binding and legal obligations of the Issuer and to constitute this Indenture a valid lien on the properties, interests, revenues and payments herein pledged to the payment of the principal of, premium, if any, on, and interest on, the Bonds, have been duly taken, and the creation, execution and delivery of this Indenture and the execution and delivery of the Bonds, subject to the terms of this Indenture, have been duly authorized by the Issuer; and

WHEREAS, the Trustee has trust powers and the power and authority to enter into this Indenture, to accept trusts generally and to accept and execute the trust created by this Indenture; the Trustee has accepted the trust so created and, to evidence such acceptance, has joined in the execution of this Indenture.

NOW, THEREFORE, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, the payment to Freddie Mac of the Freddie Mac Reimbursement Amount and the Freddie Mac Credit Enhancement Fee (as such terms are hereinafter defined) in accordance with the provisions hereof and of the Credit Enhancement Agreement and the Reimbursement Agreement, or the payment of amounts due and owing to any other Credit Facility Provider following termination of the Credit Enhancement Agreement, and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, pledge and assign a security interest,

unto the Trustee, and its successors in trust and its and their assigns in and to the following (said property being herein referred to as the "Trust Estate"), to wit:

GRANTING CLAUSE FIRST

All right, title and interest of the Issuer in and to all Revenues.

GRANTING CLAUSE SECOND

All right, title and interest of the Issuer in and to the Financing Agreement, the Bond Mortgage Note, the Bond Mortgage and the Credit Facility (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty insurance benefits or condemnation awards subject to the interest of the Credit Facility Provider under the Reimbursement Agreement and the Intercreditor Agreement), whether payable under the above-referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer or any other Person is or may become entitled to do under said documents.

GRANTING CLAUSE THIRD

Except for funds, money or securities in the Cost of Issuance Fund, the Administration Fund, the Bond Purchase Fund, the Principal Reserve Fund, the Borrower Equity Account and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD, all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the other Bonds, except as set forth in this Indenture, and for the benefit, security and protection of the Credit Facility Provider to the extent of its interests hereunder and under the Reimbursement Agreement and the Intercreditor Agreement;

PROVIDED, HOWEVER, that if the Issuer or its successors or assigns shall pay or cause to be paid to the Holders of the Bonds the principal, interest and premium, if any, to become due thereon at the times and in the manner provided in Article IX hereof and shall discharge or cause to be discharged any and all obligations to the Credit Facility Provider hereunder and under the Reimbursement Agreement, and if the Issuer shall keep, perform and observe, or cause to be

kept, performed and observed, all of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of the Issuer, cease, terminate and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.09, 4.11 and 4.12 hereof and Article IX hereof, reconvey to the Issuer the estate hereby conveyed, and assign and deliver to the Issuer any property at the time subject to the lien of this Indenture which may then be in its possession, except for the Rebate Fund and cash held by the Tender Agent for the payment of the Purchase Price of Bonds tendered pursuant to the terms of this Indenture or held by the Trustee for the payment of interest on and principal of the Bonds or for payment of amounts payable to the Credit Facility Provider; otherwise this Indenture to be and remain in full force and effect and upon the trusts and subject to the covenants and conditions hereinafter set forth.

AND IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto, that the terms and provisions upon which the Bonds are to be issued, executed, authenticated, delivered and secured, and the trusts and conditions upon which the Trust Estate is to be held and disposed of, which said trusts and conditions the said Trustee hereby accepts and agrees to discharge, are as follows (except that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not be a general obligation of the Issuer nor a debt or pledge of the faith and credit of the Issuer or the State, but shall be payable solely from the revenues and funds pledged for its payment in accordance with this Indenture):

ARTICLE I

DEFINITIONS

Section 1.01. ***Definitions.*** The terms used in this Indenture (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified below:

"Act" means Chapter 394 of the Texas Local Government Code, as amended.

"Administration Fund" means the Administration Fund established by the Trustee pursuant to Section 4.01 hereof.

"Alternate Credit Facility" means a letter of credit, surety bond, insurance policy, standby purchase agreement, guaranty, mortgage-backed security or other credit facility, collateral purchase agreement or similar agreement issued by a financial institution (including without limitation Freddie Mac) which provides security for the payment of (a)(i) the principal of and interest on the Bonds (but in no case less than all of the Outstanding Bonds when due) or (ii) the Bond Mortgage Loan in an amount not less than the Guaranteed Payment, and (b) the Purchase Price of the Bonds, which Alternate Credit Facility is provided in accordance with Section 5.4 of the Financing Agreement.

"Alternate Credit Facility Provider" means the provider of an Alternate Credit Facility.

"Authorized Denomination" means, (a) with respect to Bonds during any Variable Period, $100,000 principal amount or any integral multiple of $5,000 greater than $100,000, and (b) with respect to Bonds during any Reset Period or the Fixed Rate Period, $5,000 principal amount or any integral multiple thereof within a maturity.

"Authorized Officer" means (a) when used with respect to the Issuer, any executive officer or board member of the Issuer and such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf, (b) when used with respect to the Borrower, any [_____] of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, (c) when used with respect to the Trustee, any authorized signatory of the Trustee, or any Person who is authorized in writing to take the action in question on behalf of the Trustee, (d) when used with respect to the Servicer, any Person or Persons duly designated by the Servicer in writing to act on its behalf, (e) when used with respect to the Remarketing Agent, any Person or Persons duly designated by the Remarketing Agent in writing to act on its behalf, (f) when used with respect to the Tender Agent, any authorized signatory of the Tender Agent and such additional Person or Persons, if any, duly designated by the Tender Agent in writing to act on its behalf, and (g) when used with respect to the Credit Facility Provider, any Person who is authorized in writing to take the action in question on behalf of the Credit Facility Provider.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor federal statute.

"Bond Counsel" means (i) McCall, Parkhurst & Horton, L.L.P., or (ii) any other firm of attorneys selected by the Issuer that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer's Municipal Marketplace and is acceptable to the Credit Facility Provider.

"Bond Fee Component" means the regular, ongoing fees due from time to time to the Issuer, the Trustee, the Remarketing Agent, the Tender Agent, the Custodian and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the principal amount of Outstanding Bonds (including Purchased Bonds) on an annual basis. The Bond Fee Component shall not include any increase in the Remarketing Agent Fee resulting from a failure to timely replace a resigning Remarketing Agent.

"Bond Financing Documents" means, collectively, this Indenture, the Bonds, the Financing Agreement, the Remarketing Agreement, the Tax Certificate and any Bond Mortgage Loan Documents not otherwise included in the foregoing list of documents.

"Bond Fund" means the Bond Fund established by the Trustee pursuant to Section 4.01 hereof.

"Bondholder" or *"Holder"* or *"Owner"* means any Person who shall be the registered owner of any Outstanding Bond or Bonds.

"Bond Mortgage" means the First Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing dated as of the date hereof, together with all riders and addenda thereto, granting a first priority mortgage and security interest in the Project to the

Issuer to secure the repayment of the Bond Mortgage Loan which Bond Mortgage has been assigned by the Issuer to the Trustee as the same may be amended, supplemented or restated.

"Bond Mortgage Loan" means the loan made by the Issuer to the Borrower in the original principal amount of $[_____] pursuant to the Financing Agreement.

"*Bond Mortgage Loan Documents*" means the Bond Mortgage, the Bond Mortgage Note, the Financing Agreement, the Regulatory Agreement, any Custodial Escrow Agreement, the Credit Facility, the Reimbursement Agreement, the Rehabilitation Escrow Agreement, the Reimbursement Mortgage, the Intercreditor Agreement, the Pledge Agreement and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Bond Mortgage Loan or any portion thereof, or evidencing, securing or otherwise relating to the Borrower's obligations to the Credit Facility Provider in connection with the delivery of the Credit Facility.

"Bond Mortgage Loan Fund" means the Bond Mortgage Loan Fund established by the Trustee pursuant to Section 2.11 hereof.

"Bond Mortgage Note" means the Bond Mortgage Note dated the Delivery Date from the Borrower, including all riders and addenda thereto, evidencing the Borrower's obligation to repay the Bond Mortgage Loan, as the same may be amended, supplemented or restated from time to time, which Bond Mortgage Note will be delivered to the Issuer and endorsed by the Issuer to the Trustee.

"Bond Purchase Fund" means the Bond Purchase Fund established by the Tender Agent pursuant to Section 10.03.

"Bond Register" means the books or other records maintained by the Bond Registrar setting forth the registered Holders from time to time of the Bonds.

"Bond Registrar" means the Trustee acting as such, and any other bond registrar appointed pursuant to this Indenture.

"Bond Resolution" means the resolution adopted by the Issuer authorizing the issuance of the Bonds.

"Bonds" means the Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (MARSHALL APARTMENTS), Series 2011 issued pursuant to the provisions of this Indenture.

"Bond Year" means, with respect to an issue of Bonds, each one-year period that ends at the close of business on the day in the calendar year that is selected by Borrower as indicated in the Tax Certificate. The first and last Bond Years may be short periods. If no day is selected by Borrower before the earlier of the final maturity of an issue of Bonds or the date that is five years after the Delivery Date of such issue of Bonds, each Bond Year ends on each anniversary of the Delivery Date for such issue of Bonds and on the final maturity of such issue of Bonds.

"Borrower" means Marshall Affordable Partners, Ltd., a limited partnership duly organized and existing under the laws of the State of Alabama, or any of its permitted successors or assigns, as owner of the Project.

"Borrower Equity Account" means the Borrower Equity Account of the Bond Mortgage Loan Fund established by the Trustee pursuant to Section 2.11 hereof.

"Borrower Equity Deposit" means $[_____], which shall be comprised of sources other than the proceeds of the Bonds.

"Business Day" means any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the Federal Reserve Bank of New York (or other agent acting as the Credit Facility Provider's fiscal agent identified to the Trustee) is authorized or obligated by law or executive order to remain closed, (d) a day on which the Principal Office of the Credit Facility Provider is closed or (e) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Trustee, the Tender Agent, the Remarketing Agent or the Credit Facility Provider is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed.

"Certificate of the Issuer" and *"Request of the Issuer"* mean, respectively, a written certificate or request signed in the name of the Issuer by an Authorized Officer of the Issuer or such other Person as may be designated and authorized to sign for the Issuer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"City" means the City of Austin, Texas.

"Code" means the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

"Commitment" means the commitment from Freddie Mac to the Servicer pursuant to which Freddie Mac has agreed to provide credit enhancement for the Bond Mortgage Loan and liquidity support for the Bonds, as the same may be amended, modified or supplemented from time to time.

"*Cost*," "*Costs*" or "*Costs of the Project*" means costs paid with respect to the Project that are (i) properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with United States Treasury Regulations Section 1.103-8(a)(1), (ii) are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) are paid after the earlier of 60 days prior to the date of a resolution of the Issuer to reimburse costs of the Project with proceeds of Bonds or the date of issue of the Bonds, and (iv) if the Costs of the Project were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations Section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of

acquisition or rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in United States Treasury Regulations Section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project are placed in service (but no later than three (3) years after the expenditure is paid); provided however, that if any portion of the Project are being constructed or developed by the Borrower or an Affiliate (whether as a developer, a general contractor or a subcontractor), "Cost," "Costs" or "Costs of the Project" shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliate in developing or constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliate (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or development of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof).

"Costs of Issuance" means (i) the fees (excluding ongoing fees), costs and expenses of (a) the Issuer, the Issuer's counsel and the Issuer's financial advisor, (b) the Underwriter (including discounts to the Underwriter or other purchasers of the Bonds, other than original issue discount, incurred in the issuance and sale of the Bonds) and the Underwriter's counsel, (c) Bond Counsel, (d) the Trustee and the Trustee's counsel, (e) the Servicer and the Servicer's counsel, if any, (f) the Credit Facility Provider and the Credit Facility Provider's counsel, (g) the Borrower's counsel attributable to the issuance of the Bonds and the Borrower's financial advisor, if any, and (h) the Rating Agency, (ii) costs of printing the offering documents relating to the sale of the Bonds and (iii) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Bonds, including, without limitation, printing costs, costs of reproducing documents, filing and recording fees.

"Costs of Issuance Deposit" means the deposit to be made by the Borrower with the Trustee on the Delivery Date, which deposit shall equal $[_____] comprised of sources other than the proceeds of the Bonds.

"Cost of Issuance Fund" means the Cost of Issuance Fund established by the Trustee pursuant to Section 4.01 hereof.

"Credit Enhancement Agreement" means the Credit Enhancement Agreement dated as of the date hereof between Freddie Mac and the Trustee, as such Credit Enhancement Agreement may from time to time be amended or supplemented.

"Credit Facility" means the Credit Enhancement Agreement or any Alternate Credit Facility at that time in effect.

"Credit Facility Provider" means, so long as the Credit Enhancement Agreement is in effect, Freddie Mac, or so long as any Alternate Credit Facility is in effect, the Credit Facility Provider then obligated under the Alternate Credit Facility.

"Custodial Escrow Account" means, collectively, the account or accounts established and held by the Servicer, in accordance with the Guide or otherwise, for the purpose of funding (a) escrows for taxes, insurance and related payments and costs, if required by the Credit Facility Provider, (b) a reserve for replacements for the Project, if required by the Credit Facility Provider, and (c) a debt service reserve for the Bond Mortgage Loan, if required by the Credit Facility Provider.

"Custodial Escrow Agreement" means any agreement (which agreement may be the Guide or the Commitment as applicable) pursuant to which a Custodial Escrow Account is established and maintained.

"Custodian" means The Bank of New York Mellon Trust Company, N.A., not in its individual capacity but solely in its capacity as collateral agent for the Credit Facility Provider under the Pledge Agreement, and any successor in such capacity.

"Delivery Date" means [_____], the date of initial delivery of the Bonds to the initial purchasers thereof against payment therefor.

"DTC" means The Depository Trust Company, New York, New York, as initial Securities Depository for the Bonds pursuant to Section 2.12 hereof or its successors.

"Electronic Notice" means delivery of notice in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in Section 11.05; provided, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by Section 11.05.

"Eligible Funds" means (a) remarketing proceeds received from the Remarketing Agent or any purchaser (other than funds provided by the Borrower, any general partner, member or guarantor of the Borrower or the Issuer), (b) proceeds received pursuant to the Credit Facility, (c) proceeds of the Bonds received contemporaneously with the issuance and sale of the Bonds (including any Bond proceeds deposited to the Project Account of the Bond Mortgage Loan Fund on the Delivery Date), (d) proceeds from the investment or reinvestment of money described in clauses (a), (b) and (c) above, or (e) money delivered to the Trustee and accompanied by a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Issuer were to become a debtor in a proceeding under the Bankruptcy Code: (i) payment of such money to holders of the Bonds would not constitute a voidable preference under Section 547 of the Bankruptcy Code and (ii) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Bonds.

"Event of Default" or *"event of default"* means any of those events specified in and defined by the applicable provisions of Article VI hereof to constitute an event of default.

"Extraordinary Services" means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Trustee, including in its capacity as Paying Agent, Bond Registrar, Tender Agent and Custodian, in respect of or to prevent default under this Indenture or the Bond Mortgage Loan Documents, including any reasonable

attorneys' or agents' fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Financing Agreement, and other actions taken and carried out by the Trustee which are not expressly set forth in this Indenture or the Bond Mortgage Loan Documents.

"Extraordinary Servicing Fees and Expenses" means all fees and expenses of the Servicer under the Guide during any Bond Year in excess of Ordinary Servicing Fees and Expenses.

"Extraordinary Trustee's Fees and Expenses" means all those fees, expenses and disbursements earned or incurred by the Trustee as described under Section 7.06 during any Bond Year for Extraordinary Services, as set forth in a detailed invoice to the Borrower and the Credit Facility Provider.

"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 (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) 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, (c) 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 (d) any commingled investment fund in which the Issuer and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

"Financing Agreement" means the Financing Agreement dated as of the date hereof among the Borrower, the Issuer and the Trustee, as such Financing Agreement may from time to time be amended or supplemented.

"Fixed Rate" means the interest rate borne by the Bonds from and after the Fixed Rate Adjustment Date to the maturity date of the Bonds, determined in accordance with Section 2.02(d) hereof.

"Fixed Rate Adjustment" means the establishment of the interest rate on the Bonds at the Fixed Rate, pursuant to Section 2.02(d) hereof.

"Fixed Rate Adjustment Date" means the date on which the Fixed Rate for the Bonds becomes effective.

"Fixed Rate Period" means the period during which the Bonds bear interest at the Fixed Rate.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States, and its successors and assigns.

"Freddie Mac Credit Enhancement Fee" shall have the meaning given to that term in the Reimbursement Agreement.

"Freddie Mac Credit Enhancement Payment" shall have the meaning given to that term in the Credit Enhancement Agreement.

"Freddie Mac Reimbursement Amount" shall have the meaning given to that term in the Reimbursement Agreement.

"Government Obligations" means investments meeting the requirements of clauses (a) or (b) of the definition of "Qualified Investments" herein.

"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); and

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

"Guaranteed Payment" means the amount required to be paid to the Trustee pursuant to the Credit Facility, provided that so long as the Credit Enhancement Agreement is the Credit Facility, "Guaranteed Payment" shall have the meaning given to that term in the Credit Enhancement Agreement.

"Guide" means, the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide and Freddie Mac Multifamily Seller/Servicer Guide (as applicable), as the same may be amended, modified or supplemented from time to time.

"Hedge Agreement" means any interest rate cap agreement, swap agreement or similar instrument required to be maintained for the benefit of the Credit Facility Provider under the terms of the Reimbursement Agreement.

"Hedge Fee Escrow" has the meaning given to that term in the Reimbursement Agreement.

"Indenture" means this Trust Indenture, as the same may have been from time to time amended or modified, together with any other indentures supplemental hereto.

"Index Rate" means a rate equal to the index of the weekly index rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data, a Thomson Financial Services Company, or its successors, which meet specific criteria established by the Securities Industry and Financial Markets Association, such index currently known as the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index or any successor to such index.

"Information Services" means in accordance with then-current guidelines of the Securities and Exchange Commission, one or more services selected by the Trustee which are then providing information with respect to called Bonds, or, if the Trustee does not select a service, then such service or services as the Issuer may designate in a certificate of the Issuer delivered to the Trustee.

"Intercreditor Agreement" means the Intercreditor Agreement dated as of [_____] among the Issuer, the Trustee and Freddie Mac, as the same may be amended or supplemented.

"Interest Payment Date" means [_____], and thereafter (i) for interest accrued during any Variable Period, the first Business Day of each month, (ii) for interest accrued during any Reset Period, [_____] 1 and [_____] 1 of each year, commencing on the [_____] 1 or [_____] 1 next following the applicable Reset Adjustment Date, (iii) for interest accrued on and after the Fixed Rate Adjustment Date, [_____] 1 and [_____] 1 of each year, commencing on the [_____] 1 or [_____] 1 next following the Fixed Rate Adjustment Date, (iv) each Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date, Substitution Date and the maturity date of the Bonds, and (v) for Bonds subject to redemption but only with respect to such Bonds, the date of redemption (or purchase in lieu of redemption). [DRAFTING NOTE: IF THE CLOSING DATE OCCURS ON OR AFTER THE 20TH DAY OF A MONTH, THEN THE FIRST INTEREST PAYMENT DATE SHALL BE THE FIRST BUSINESS DAY OF THE SECOND (2ND) CALENDAR MONTH FOLLOWING THE CLOSING DATE.]

"Interest Requirement" means (a) during the Variable Period, 35 days' interest computed at the Maximum Rate and (b) during a Reset Period or the Fixed Rate Period, 189 days' interest computed at the Reset Rate or Fixed Rate, as applicable, or in the case of either (a) or (b), such lesser number of days as is acceptable to the Rating Agency (as confirmed in writing by the Rating Agency).

"Investment Income" means the earnings and profits derived from the investment of money pursuant to Section 4.08 of this Indenture.

"Issuer" means Austin Housing Finance Corporation, a housing finance corporation organized and created under the laws of the State of Texas.

"Issuer Fee" means the annual prorated amount payable January 20 of each year beginning January 20, 2012 to the Issuer for its ordinary monitoring fees and expenses under the Indenture during the Qualified Project Period in an amount equal to not less than the greater of (a) .0003 times the amount of Bonds Outstanding on January 20, (b) $12 times the number of units in the Project, or (c) $1,200 per year.

"Liquidity Advance" means an advance by the Credit Facility Provider pursuant to the terms of the Credit Facility to pay the Purchase Price of any Bonds tendered optionally by Bondholders pursuant to Section 10.01 of this Indenture which have not been remarketed by the Remarketing Agent pursuant to the Remarketing Agreement and this Indenture and, therefore, with respect to which there are no proceeds of remarketing.

"Market Risk Event" means (a)(i) legislation enacted by the Congress, (ii) a final non-appealable decision rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (iii) an order, ruling or regulation issued by the United States Department of the Treasury or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing interest received by any Bondholder (other than a Bondholder who is a "substantial user" of the Project or a "related person" of a substantial user (each within the meaning of Section 147(a) of the Code)) to be included in the gross income of such Bondholder for purposes of federal income taxation; or (b) legislation enacted or any action taken by the Securities and Exchange Commission which, in the opinion of counsel to the Remarketing Agent, has the effect of requiring the remarketing of the Bonds to be registered under the Securities Act of 1933, as amended (the "Securities Act"), or any other "security," as defined in the Securities Act, issued in connection with or as part of the remarketing of the Bonds to be so registered or this Indenture to be qualified as an indenture under the Trust Indenture Act of 1939, as amended; or (c) any event shall have occurred or shall exist which, in the reasonable judgment of the Remarketing Agent, makes or has made untrue or incorrect in any material respect any statement or information contained in a reoffering circular or other disclosure document distributed in connection with the Fixed Rate Adjustment or Reset Adjustment Date or is not or was not reflected in such reoffering circular or other disclosure document but should be or should have been reflected therein in order to make the statements or information contained therein not misleading in any material respect; or (d) in the reasonable judgment of the Remarketing Agent, any event which makes it impractical or inadvisable for the Remarketing Agent to remarket or enforce agreements to remarket Bonds because trading in securities generally shall have been suspended on the New York Stock Exchange, Inc., or a general banking moratorium shall have been established by federal, New York or State authorities.

"Maturity Date" means the maturity date of the Bonds set forth in Section 2.01(c) hereof.

"Maximum Rate" means 12% per annum; provided that, without amendment to any Bond Financing Document pursuant to Article VIII of this Indenture, the Maximum Rate may be increased to a specified higher Maximum Rate if there shall have been delivered to the Trustee (a) an opinion of Bond Counsel to the effect that such higher Maximum Rate is permitted under

applicable law and will not, in and of itself, cause the interest on the Bonds to be included in the gross income of the Bondholders for federal income tax purposes and (b) either (i) the written consent of the Credit Facility Provider to the specified higher Maximum Rate and evidence that the Credit Facility will cover the Interest Requirement at such higher Maximum Rate, or (ii) a new or amended Credit Facility in an amount equal to the sum of (A) the principal amount of the Outstanding Bonds and (B) the new Interest Requirement calculated using the new Maximum Rate; provided that the Maximum Rate shall never exceed the maximum rate permitted by applicable law to be paid on the Bonds or to be charged on the Bond Mortgage Loan.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

"Net Proceeds" when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such insurance proceeds or condemnation award, including reasonable attorney fees.

"Official Statement" means the Official Statement dated [_____] relating to the sale and issuance of the Bonds, as the same may be supplemented or amended.

"Operating and Maintenance Expenses" means, in the aggregate, for any period, all current expenses of the ownership, operation and maintenance of the Development 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, developer fee, 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.

"Optional Tender Date" has the meaning set forth in Section 10.01 hereof.

"Ordinary Servicing Fees and Expenses" means the ordinary fees payable to the Servicer in connection with the servicing of the Bond Mortgage Loan under the Guide, payable monthly in arrears as provided in the Reimbursement Agreement.

"Ordinary Trustee's Fees and Expenses" means the amount payable by the Borrower to the Trustee pursuant to the Financing Agreement for its ordinary services hereunder, in an amount equal to $3,000, payable annually in advance in an annual installment on each January 20, commencing January 20, 2012.

"Outstanding" when used with respect to the Bonds or "Bonds Outstanding" means, as of any date, all Bonds that have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds surrendered and replaced upon exchange or transfer, or cancelled because of payment or redemption, at or prior to such date;

(b) Bonds for the payment, redemption or purchase for cancellation of which sufficient money has been deposited prior to such date with the Trustee (whether upon or prior to the maturity, amortization or redemption date of any such Bonds), or which are deemed to have

been paid and discharged pursuant to the provisions of Section 9.01 hereof; provided that if such Bonds are to be redeemed prior to the maturity thereof, other than by scheduled amortization, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated (or payment, when due, of which is made without replacement) under Section 2.07 hereof; and also except that

(d) For the purpose of determining whether the holders of the requisite amount of Bonds Outstanding have made or concurred in any notice, request, demand, direction, consent, approval, order, waiver, acceptance, appointment or other instrument or communication under or pursuant to this Indenture, Bonds known to the Trustee to be owned by or for the account of the Borrower or any Person owned, controlled by, under common control with or controlling the Borrower shall be disregarded and deemed to be not Outstanding, unless all Bonds shall be so owned, and provided that the Trustee has knowledge of the foregoing; provided, further, that all Purchased Bonds shall be deemed to be Outstanding, and the Trustee shall follow any direction provided by the Credit Facility Provider with respect to Purchased Bonds for the purposes hereof (Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee shall establish, to the satisfaction of the Trustee, the pledgee's right to vote such Bonds, and in the event of a dispute as to the existence of such right, any decision by the Trustee taken upon the advice of counsel shall constitute full protection to the Trustee). The term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Beneficial ownership of 5% or more of a class of securities having general voting power to elect a majority of the board of directors of a corporation shall be conclusive evidence of control of such corporation.

"Paying Agent" means the Trustee acting as such, and any other paying agent appointed pursuant to this Indenture.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

"Pledge Agreement" means that certain Pledge, Security and Custody Agreement dated as of the date hereof by and between the Custodian and the Borrower, as originally executed or as modified or amended from time to time, together with any similar agreement executed in connection with an Alternate Credit Facility, as originally executed or as amended or modified from time to time.

"Principal Office of the Credit Facility Provider" means (i) so long as Freddie Mac is the Credit Facility Provider, the office of Freddie Mac located at 8100 Jones Branch Drive, McLean, Virginia 22102, or such other office or offices as Freddie Mac may designate in writing from time to time, or (ii) the office of any Alternate Credit Facility Provider where it principally

conducts its business of serving as credit facility provider under indentures pursuant to which municipal or governmental obligations are issued, or such other office or offices as the Alternate Credit Facility Provider may designate from time to time.

"Principal Office of the Remarketing Agent" means the office of the Remarketing Agent referenced in Section 11.05(a) hereof, or such other office or offices as the Remarketing Agent may designate in writing from time to time, or the office of any successor Remarketing Agent where it principally conducts its business of serving as remarketing agent under indentures pursuant to which municipal or governmental obligations are issued.

"Principal Office of the Tender Agent" means the office of the Tender Agent referenced in Section 11.05(a) hereof, or such other office or offices as the Tender Agent may designate in writing from time to time, or the office of any successor Tender Agent where it principally conducts its business of serving as tender agent under indentures pursuant to which municipal or governmental obligations are issued.

"Principal Office of the Trustee" means the office of the Trustee referenced in Section 11.05(a) hereof, or such other office or offices as the Trustee may designate in writing from time to time, or the office of any successor Trustee where it principally conducts its business of serving as trustee under indentures pursuant to which municipal or governmental obligations are issued.

"Principal Reserve Fund" means the Principal Reserve Fund established by the Trustee pursuant to Section 4.01 hereof.

"Principal Reserve Schedule" means the Principal Reserve Schedule calculated in accordance with, and attached as Exhibit A to, the Reimbursement Agreement, as the same may be amended from time to time.

"Principal Reserve Schedule Payments" means the payments to be made by the Borrower in accordance with the Principal Reserve Schedule as set forth in the Reimbursement Agreement.

"Project" means, collectively, the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements known as Marshall Apartments located at 1157 Salina Street and 1401 East 12th Street in Austin, Texas, including the real estate described in the Bond Mortgage.

"Project Account" means the Project Account of the Bond Mortgage Loan Fund established by the Trustee pursuant to Section 2.11 hereof.

"Purchase Price," with respect to any Bond required to be purchased pursuant to Sections 2.02, 2.13, 10.01 and 10.02 hereof, means the principal amount of such Bond plus interest accrued thereon to the Settlement Date and with respect to any Bond to be purchased pursuant to Section 3.06 hereof means the principal amount of such Bond plus any redemption premium due thereon plus interest accrued thereon to the Settlement Date.

"Purchased Bond" means any Bond during the period from and including the date of its purchase by the Trustee on behalf of the Borrower with amounts provided by the Credit Facility Provider under the Credit Facility, to, but excluding, the date on which such Bond is (a) remarketed to any Person other than the Credit Facility Provider, the Borrower, any general partner, member or guarantor of the Borrower or the Issuer, or (b) redeemed or otherwise cancelled.

"Purchased Bond CUSIP Number" means [INSERT PURCHASED BOND CUSIP NUMBER], the CUSIP Number assigned solely to Purchased Bonds, as identified on the face of the Form of Bond attached hereto as ***Exhibit A-2***.

"Qualified Investments" means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie Mac; (d) senior debt obligations of Fannie Mae; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than $50,000,000; provided that the Trustee or such other institution has been rated at least ["VMIG-1"/"A-1+"] by [Moody's/S&P] which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency; (f) investment agreements with Freddie Mac or a bank or any insurance company or other financial institution which has a rating assigned by [Moody's/S&P] to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by [Moody's/S&P], and which are approved by the Credit Facility Provider; (g) shares or units in any money market mutual fund (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the United States government, or (B) tax exempt obligations and which fund has been rated "Aaa"/"AAA" by Moody's/S&P; or (h)(i) tax-exempt obligations rated in the highest short term rating category by Moody's or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least $100,000,000, and having a rating of ["Aaa"/"AAA"] by the Rating Agency, for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Trustee or its affiliates receive a fee for investment advisory or other services to the fund [; or (i) any other investments approved in writing by the Credit Facility Provider]. For purposes of this definition, the "highest rating" shall mean a rating of at least "VMIG-1"/"A-1+" for obligations with less than one year maturity; at least "Aaa"/"VMIG-1"/"AAA"/"A-1+" for obligations with a maturity of one year or greater but less than three years; and at least "Aaa"/"AAA" for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to

an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

"Rating Agency" means each national rating agency then maintaining a rating on the Bonds, or any successor or assign thereof.

"Rebate Analyst" means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Issuer, to make the computations required under this Indenture and the Financing Agreement.

"Rebate Fund" means the Rebate Fund established by the Trustee pursuant to Section 4.01 hereof.

"Record Date" means during any Variable Period, the Business Day immediately preceding an Interest Payment Date and during any Reset Period or the Fixed Rate Period, the 15th day of the month preceding the month in which any Interest Payment Date falls.

"Redemption Fund" means the Redemption Fund established by the Trustee pursuant to Section 4.01 hereof.

"*Rehabilitation Escrow Agreement*" means the Rehabilitation Escrow Agreement dated as of the date hereof by and between the Borrower and Freddie Mac, as the same shall be amended, modified or supplemented from time to time.

"Reimbursement Agreement" means the Reimbursement and Security Agreement dated as of the date hereof between the Borrower and Freddie Mac, as the same may be amended, supplemented or restated from time to time, and upon the effectiveness of any Alternate Credit Facility, any similar agreement between the Borrower and the Alternate Credit Facility Provider pursuant to which the Borrower agrees to reimburse the Alternate Credit Facility Provider for payments made under the Alternate Credit Facility, as such agreement may be amended, supplemented or restated from time to time.

"Reimbursement Mortgage" means the Second Multifamily Deed of Trust, Assignment of Rents, Securities Agreement and Fixture Filing dated as of the date hereof from the Borrower to Freddie Mac, together with all riders and addenda thereto, granting a second priority mortgage and security interest in the Project to Freddie Mac to secure the obligations of the Borrower under the Reimbursement Agreement and all documents related thereto, and upon the effectiveness of any Alternate Credit Facility, any similar mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance granting a mortgage and security interest in the Project to the Alternate Credit Facility Provider to secure similar obligations of the Borrower to the Alternate Credit Facility Provider, as the same may be amended, supplemented or restated from time to time.

"*Reimbursement Security Documents*" has the meaning given to that term in the Reimbursement Agreement.

"Remarketing Agent" means the remarketing agent appointed pursuant to Section 10.05 hereof or any successors or assigns thereof permitted under Section 10.06.

"Remarketing Agent Fee" means the annual fee payable to the Remarketing Agent equal to [__]% per annum of the aggregate principal amount of the Bonds Outstanding, payable [quarterly] in arrears on each January, April, July and October, commencing [_____].

"Remarketing Agreement" means the Remarketing Agreement dated as of the date hereof between [among] the Remarketing Agent[, the Issuer] and the Borrower, or any similar agreement between [among] the Remarketing Agent[, the Issuer] and the Borrower, in each case as originally executed or as it may be amended or supplemented from time to time in accordance with its terms.

"Remarketing Date" means each date on which the Remarketing Agent is required to notify the Trustee, the Tender Agent, the Borrower and the Credit Facility Provider of the Bonds for which it has found purchasers, as set forth in Section 10.03 hereof.

"Requisition" means, with respect to the Bond Mortgage Loan Fund, the requisition in the form of *Exhibit E* to this Indenture required to be submitted in connection with disbursements from the Bond Proceeds Account and/or the Borrower Equity Account of the Bond Mortgage Loan Fund, and with respect to the Cost of Issuance Fund, the requisition in the form of *Exhibit D* to this Indenture required to be submitted in connection with disbursements from the Cost of Issuance Fund.

"Reset Adjustment Date" means any date on which the interest rate on the Bonds is adjusted to a Reset Rate or to a different Reset Rate. During a Variable Period, a Reset Adjustment Date may occur only on an Interest Payment Date.

"Reset Period" means each period during which the Bonds bear interest at a Reset Rate.

"Reset Rate" means the rate of interest borne by the Bonds as determined in accordance with Section 2.02(c) hereof.

"Responsible Officer" means any officer of the Trustee employed within or otherwise having regular responsibility in connection with the corporate trust department of the Trustee and the trusts created hereunder.

"Revenue Fund" means the Revenue Fund established by the Trustee pursuant to Section 4.01 hereof.

"Revenues" means (a) all payments made with respect to the Bond Mortgage Loan pursuant to the Financing Agreement, the Bond Mortgage Note or the Bond Mortgage, including all casualty or other insurance benefits and condemnation awards paid in connection therewith (subject in all events to the interests of the Credit Facility Provider therein under the terms of the Credit Facility and the Reimbursement Security Documents), (b) payments made by the Credit Facility Provider pursuant to the Credit Facility and (c) all money and securities held by the Trustee in the funds and accounts established pursuant to this Indenture (excluding money or

securities in the Cost of Issuance Fund, the Administration Fund, the Bond Purchase Fund, the Principal Reserve Fund, the Borrower Equity Account and the Rebate Fund), together with all investment earnings thereon. Principal Reserve Schedule Payments shall not constitute Revenues under this Indenture.

"Securities Depository" means (a) The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, facsimile: (516) 227-4039 or 4190; or (b) any replacement registered securities depository which has been designated in a certificate of the Issuer delivered to the Trustee and the Credit Facility Provider pursuant to Section 2.12 hereof.

"Servicer" means the eligible servicing institution designated by Freddie Mac from time to time (which may be Freddie Mac if Freddie Mac elects to service the Bond Mortgage Loan), or its successor, as servicer of the Bond Mortgage Loan. Initially, the Servicer shall be Oak Grove Capital.

"Settlement Date" means any date on which any Bond is purchased or deemed purchased pursuant to Sections 2.02, 2.13, 3.06, 10.01, 10.02 or 10.04 hereof.

"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, (f) actions taken to maintain or enhance the value of the Development 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 Issuer.

"Special Projects Funds" mean, with respect to a fiscal year, the amount equal to 9.5% times the amount, if any, by which Gross Revenues exceeds the sum of (1) Operating and Maintenance 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.

"Special Projects Statement" has the meaning set forth in Section 4.7 of the Financing Agreement.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

"State" means the State of Texas.

"Substitution Date" means any Business Day established for the mandatory tender and purchase of the Bonds in connection with the delivery to the Trustee of an Alternate Credit Facility pursuant to Section 2.13 hereof.

"Tax Certificate" means the No-Arbitrage Certificate executed by the Issuer and the Borrower on the Delivery Date.

"Tax Regulatory Agreement" means, together, the Tax Letter of Representations and the Tax Certificate, each dated the delivery date.

"Tender Agent" means the Tender Agent appointed in accordance with Section 10.07.

"Tender Notice" means a notice of demand for purchase of Bonds given by any Bondholder pursuant to Section 10.01 hereof.

"Trustee" means The Bank of New York Mellon Trust Company, N.A. and its successors in trust hereunder.

"Trust Estate" shall have the meaning given to that term in the Granting Clauses.

"Unassigned Rights" means all of the rights of the Issuer and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to receive notices and the right to enforce such rights.

"Variable Interest Accrual Period" means, during any Variable Period, a period beginning on the date following any Variable Interest Computation Date and ending on the next succeeding Variable Interest Computation Date, except that the first Variable Interest Accrual Period for any Variable Period shall begin on the first day of such Variable Period and end on the next succeeding Variable Interest Computation Date.

"Variable Interest Computation Date" means, with respect to any Variable Interest Accrual Period, each Wednesday during such period, or if any such Wednesday is not a Business Day, the next succeeding Business Day.

"Variable Period" means each period during which the Bonds bear interest at a Variable Rate.

"Variable Rate" means the variable rate of interest borne by the Bonds as determined in accordance with Section 2.02(b) hereof.

"Variable Rate Adjustment Date" means any date upon which the Bonds begin to bear interest at a Variable Rate for the succeeding Variable Period.

Section 1.02. *Interpretation.* The words "hereof," "herein," "hereunder," and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. References to Articles, Sections, and other subdivisions of this Indenture are to the designated Articles, Sections and other subdivisions of this Indenture as originally executed. The headings of this Indenture are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

THE BONDS

Section 2.01. ***The Bonds.***

(a) The Bonds are authorized to be issued hereunder as revenue bonds of the Issuer in accordance with the Bond Resolution. The Bonds shall initially be designated "Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Marshall Apartments), Series 2011." The Bonds shall be fully registered as to principal and interest, without coupons, and shall be numbered by series, if any, in the manner and with any additional designation as the Trustee, as Bond Registrar, deems necessary for the purpose of identification. All of the Bonds are equally and ratably secured. Bonds issued on the Delivery Date shall be dated such date; Bonds issued after the Delivery Date shall be dated the date they are authenticated by the Trustee.

(b) Interest on the Bonds during any Variable Period shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed. Interest on the Bonds during any Reset Period or Fixed Rate Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds shall be payable on each Interest Payment Date, in each case from the Interest Payment Date next preceding the date of authentication thereof to which interest has been paid or duly provided for, unless the date of authentication is an Interest Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication of the Bond, or unless no interest has been paid or duly provided for on the Bonds, in which case from the Delivery Date, until payment of the principal of the Bond has been made or duly provided for. Notwithstanding the foregoing, if a Bond is authenticated after a Record Date and before the following Interest Payment Date, such Bond shall bear interest from such Interest Payment Date; provided, however, that if there shall be a default in the payment of interest due on such Interest Payment Date, then the Bonds shall bear interest from the next preceding Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on the Bonds, from the Delivery Date.

(c) The Bonds shall be issued in Authorized Denominations and shall bear interest payable on each Interest Payment Date at the rate per annum determined as provided in Section 2.02 below. The Bonds shall mature, subject to redemption prior to maturity as provided in Article III hereof, on [INSERT MATURITY DATE].

(d) The Person in whose name any Bond is registered on the Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date (unless such Bond has been called for redemption on a redemption date which is prior to such Interest Payment Date) notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date; provided, however, that if and to the extent the Issuer shall default in the payment of the interest due on any Interest Payment Date, such defaulted interest shall be paid as provided in the next paragraph.

(e) Any interest on any Bond that is due and payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the person in whose name such Bond is registered on the relevant Record Date and shall be paid in the manner set forth in this paragraph. The Trustee may elect to make payment of any Defaulted Interest to the Persons in whose names the Bonds (or their respective predecessor Bonds) are registered at the close of business on a special record date for the payment of such Defaulted Interest (a "Special Record Date"), which shall be fixed in the following manner. The Trustee shall determine the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (a "Special Interest Payment Date"), shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the Special Interest Payment Date and shall cause notice of the proposed payment of such Defaulted Interest on the Special Interest Payment Date and the Special Record Date therefor to be mailed, first class, postage prepaid, to each Bondholder at such Bondholder's address as it appears in the Bond Register not less than 10 days prior to such Special Record Date; notice of the proposed payment of such Defaulted Interest on the Special Interest Payment Date and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds (or their respective predecessor Bonds) are registered on such Special Record Date.

(f) Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of the Bonds at the Principal Office of the Trustee. Interest on the Bonds shall be paid by check mailed to the registered Owner thereof at such registered Owner's address as it appears on the Bond Register on the Record Date. Upon written request of a registered Owner of at least $1,000,000 in principal amount of Bonds Outstanding received by the Trustee at least five (5) Business Days prior to a Record Date, all payments of principal, premium, if any, and interest on the Bonds, less any reasonable wire transfer fees imposed by the Trustee, shall be paid by wire transfer in immediately available funds to an account within the United States designated by such registered Owner. Payment of the Purchase Price of any Bonds tendered for purchase on a Settlement Date shall be payable in lawful money of the United States of America only upon presentation thereof at the Principal Office of the Tender Agent.

(g) Before the date fixed for redemption, money shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such money to the payment of, the Bonds or portions thereof called for redemption, together with accrued interest thereon to the redemption date. CUSIP number identification with appropriate dollar amounts for each CUSIP number must accompany all payments of principal, redemption price, premium, if any, and interest, whether by check or by wire transfer.

(h) No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued hereunder, or in substitution for other Bonds pursuant to Section 2.07 hereof, is expressly limited to $[_____].

Section 2.02. ***Determination of Interest Rate on the Bonds.***

(a) *Initial Rate.* The Bonds shall initially bear interest at a variable rate as described in subsection (b) of this Section 2.02, until the first Reset Adjustment Date or Fixed Rate Adjustment Date, if any, and thereafter shall bear interest at the applicable rate set forth in this Section.

(b) *Variable Rate.* The Bonds shall bear interest from and including the Delivery Date to and including the immediately succeeding Variable Interest Computation Date at a Variable Rate agreed to by the Remarketing Agent and the Issuer, and thereafter shall bear interest at a Variable Rate for each Variable Interest Accrual Period as determined by the Remarketing Agent on each Variable Interest Computation Date until adjusted to a Reset Rate or Fixed Rate as provided herein.

The Variable Rate for each Variable Interest Accrual Period determined by the Remarketing Agent on each Variable Interest Computation Date shall be that rate of interest which, if borne by the Bonds, would, in the reasonable professional judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to be borne by the Bonds in order for the market value of the Bonds on such Variable Interest Computation Date to be equal to 100% of the principal amount thereof (disregarding accrued interest) if the Bonds were sold on such Variable Interest Computation Date. If the rate of interest determined by the Remarketing Agent pursuant to this Section 2.02(b) exceeds the Maximum Rate, then the Variable Rate shall be the Maximum Rate. If for any reason (other than an Event of Default pursuant to Section 6.01(b) hereof) the Remarketing Agent shall fail to determine the rate of interest or if the rate of interest determined by the Remarketing Agent is held to be invalid or unenforceable for any Variable Interest Accrual Period, then the Variable Rate for such Variable Interest Accrual Period shall be the Index Rate in effect on the applicable Variable Interest Computation Date.

For each Variable Interest Accrual Period, the Variable Rate determined by the Remarketing Agent shall be communicated by facsimile (or Electronic Notice) to the Trustee, the Tender Agent, the Borrower, the Servicer and the Credit Facility Provider (which shall be by Electronic Notice) as provided in Section 10.05 hereof, on the Variable Interest Computation Date. The determination of the Variable Rate by the Remarketing Agent shall (in the absence of manifest error) be conclusive and binding on the Owners of the Bonds, the Issuer, the Borrower, the Credit Facility Provider, the Remarketing Agent, the Tender Agent and the Trustee, and each shall be protected in relying on it.

Anything herein to the contrary notwithstanding, so long as an Event of Default pursuant to Section 6.01(b) hereof shall have occurred and be continuing, the Variable Rate for each Variable Interest Accrual Period shall be (i) for the first sixty (60) days following the occurrence of such Event of Default, the Index Rate in effect on the applicable Variable Interest Computation Date plus four percent (4%) per annum and (ii), thereafter, the Maximum Rate; provided, however, that in no event shall the Variable Rate at any time exceed the Maximum Rate. The Remarketing Agent shall not be responsible for determining the Variable Rate for any

Variable Interest Accrual Period after the occurrence and during the continuance of an Event of Default pursuant to Section 6.01(b) hereof.

Following any Reset Adjustment Date, the interest rate on the Bonds may be converted again to a Variable Rate at the election or deemed election of the Borrower in accordance with the procedures in Section 2.02(c) hereof, which date of adjustment to a Variable Rate shall be the Variable Rate Adjustment Date. The Trustee shall give notice to the Bondholders, by first class mail not less than nine (9) days before the Variable Rate Adjustment Date specifying: (i) the Variable Rate Adjustment Date, and that the interest rate on the Bonds will be established at the Variable Rate on the Variable Rate Adjustment Date; and (ii) that all Bonds must be tendered for purchase at the Purchase Price and surrendered to the Tender Agent for purchase not later than 9:30 a.m., Washington, D.C. time, on the Variable Rate Adjustment Date.

(c) *Reset Rate.* At the written request of the Borrower with the prior written consent of the Credit Facility Provider or at the written request of the Credit Facility Provider on behalf of the Borrower if the Borrower has not provided the Credit Facility Provider proof satisfactory to it of the extension or substitution of a Hedge Agreement satisfying the requirements of the Reimbursement Agreement not later than sixty (60) days prior to the expiration of any Hedge Agreement, the rate of interest on the Bonds may be established at a Reset Rate on any Interest Payment Date during a Variable Period or on any Reset Adjustment Date, in accordance with the procedures set forth in this Section 2.02(c). In order to effect establishment of a Reset Rate, the Borrower must deliver such written request (and consent of the Credit Facility Provider), or, if applicable, the Credit Facility Provider on behalf of the Borrower must deliver such written request, to the Trustee, the Issuer, the Credit Facility Provider, the Servicer, the Tender Agent and the Remarketing Agent specifying (i) the Reset Adjustment Date, which shall be not less than forty (40) days after notice is received by the parties, (ii) any sinking fund redemption amounts for each Interest Payment Date, as provided in Section 3.01(c), at a price equal to the principal amount of Bonds subject to redemption plus interest accrued thereon to the date fixed for redemption, without premium, pursuant to Section 3.01(b)(v) hereof and any applicable optional redemption provisions pursuant to Section 3.01(a) hereof, (iii) the proposed duration of the Reset Period, which shall be at least five (5) years (ten (10) years so long as the Credit Enhancement Agreement is the Credit Facility) or such shorter period as may be consented to in writing by the Credit Facility Provider, and shall terminate not later than the Business Day before the last Interest Payment Date preceding the (A) "Termination Date" (as defined in the Credit Enhancement Agreement) if the Credit Enhancement Agreement is the Credit Facility to be effective with respect to the Bonds during such Reset Period and (B) expiration of the Credit Facility if the Credit Enhancement Agreement is not the Credit Facility to be effective with respect to the Bonds during such Reset Period, and (iv) the date on which the Reset Rate will be determined by the Remarketing Agent, which date shall be not later than the Business Day immediately prior to the Reset Adjustment Date.

Except as noted in the paragraph immediately below, the Trustee shall give notice to the Owners of the Bonds of the Reset Adjustment Date by first class mail not less than nine (9) days before the Reset Adjustment Date, provided that not less than five (5) Business Days prior to the Trustee giving such notice the Borrower shall have delivered or caused to be delivered to the Trustee (1) an opinion of Bond Counsel to the effect that the establishment of the Reset Rate for the Reset Period in accordance with the procedure described in this Section 2.02(c) is permitted

by this Indenture and the Act and will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, (2) if Bonds are to be held publicly after the Reset Adjustment Date, either an irrevocable commitment (which commitment may be subject to customary commercial conditions) of an Alternate Credit Facility Provider to issue an Alternate Credit Facility to be in effect upon and after the Reset Adjustment Date, together with accompanying documentation required by Section 5.4 of the Financing Agreement or the irrevocable written commitment of the Credit Facility Provider for an amendment to the Credit Facility to fulfill the Interest Requirement and, if applicable, to extend the termination date of the Credit Facility, (3) the form of notice to be given by the Trustee to the Bondholders with respect to the establishment of a Reset Rate(which form shall include (i) the Reset Adjustment Date, (ii) that the interest rate on the Bonds will be established at the Reset Rate on the Reset Adjustment Date; (iii) that all Bonds must be tendered for purchase at the Purchase Price and surrendered to the Tender Agent for purchase not later than 9:30 a.m., Washington, D.C. time, on the Reset Adjustment Date; and (iv) that the Reset Rate Adjustment Date (but not the mandatory tender of Bonds on the proposed Reset Rate Adjustment Date) is subject to cancellation upon receipt by the Trustee of notice from the Remarketing Agent that a Market Risk Event has occurred), (4) payment to the Trustee and the Issuer of such amounts as the Trustee and the Issuer reasonably determine may be required in connection with the establishment of the Reset Rate, including, but not limited to, their own fees and expenses (including those of their counsel) and the cost of printing new Bonds, (5) the proposed form of disclosure document, if any, to be distributed in connection with the remarketing of the Bonds on the Reset Adjustment Date and an undertaking of the Borrower which satisfies any applicable requirements of Rule 15c2-12 of the Securities Exchange Act of 1934, and (6) if Bonds are to be held publicly after the Reset Adjustment Date and an Alternate Credit Facility is being delivered on such date, written evidence from the Rating Agency to the effect that the Bonds will be rated at least "Aa"/"P-1" by Moody's or "AA"/"A-1" by S&P, without regard to pluses or minuses (or such lower ratings as shall be approved by the Issuer) on such Reset Adjustment Date.

If (i) the Credit Facility to be in effect upon and after a Reset Adjustment Date or (ii) an irrevocable commitment described in (2) of the preceding paragraph is not delivered to the Trustee in escrow at least fifteen (15) days before the applicable Reset Adjustment Date, or if on any Business Day at least ten (10) days before the applicable Reset Adjustment Date, the Trustee receives notice from the Borrower or the Credit Facility Provider to the effect that it no longer wishes to proceed with the adjustment to a Reset Rate or from the Remarketing Agent that a Market Risk Event has occurred, the Trustee shall not give the notice specified in the above paragraph to the Owners of the Bonds. In the event that the Trustee receives notice from the Remarketing Agent that a Market Risk Event has occurred after giving the notice specified in the above paragraph to the Owners of the Bonds, the Trustee shall notify the Owners of the Bonds that the Reset Adjustment Date, but not the mandatory tender of Bonds on the proposed Reset Adjustment Date, has been cancelled. In such event, the Bonds shall (1) continue to bear interest at a Variable Rate if the Bonds then bear interest at a Variable Rate, or (2) if the Bonds then bear interest at a Reset Rate, on the day following the Reset Period, the Bonds shall be redeemed or purchased in lieu thereof pursuant to Section 3.01(b)(vi) or Section 3.06 hereof, as applicable.

Any Bond not tendered to the Tender Agent for purchase in accordance with the provisions of this Section 2.02(c) on a Reset Adjustment Date (including a canceled Reset Adjustment Date) shall be deemed to have been tendered for purchase on such Reset Adjustment

Date pursuant to Sections 10.02 hereof for all purposes of this Indenture, including particularly Article X hereof; provided, however, payment on such Bonds shall only be made upon presentation thereof.

From and after each Reset Adjustment Date until the last day of the related Reset Period, the Bonds shall bear interest at the applicable Reset Rate, payable on each Interest Payment Date, commencing on the Interest Payment Date next following the Reset Adjustment Date, computed on the basis of a 360-day year of twelve 30-day months. The Reset Rate shall be that rate of interest, determined by the Remarketing Agent on the date specified in the notice from the Borrower referred to in the first paragraph of this Section 2.02 (c), which, if borne by the Bonds, would, in the reasonable professional judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to be borne by the Bonds in order for the market value of the Bonds on such date to be equal to 100% of the principal amount thereof (disregarding accrued interest); provided, however, that in no event shall the Reset Rate exceed the Maximum Rate.

The determination of a Reset Rate by the Remarketing Agent in accordance with the provisions of this Section 2.02 (c) shall (in the absence of manifest error) be conclusive and binding upon the Owners of the Bonds, the Issuer, the Servicer, the Credit Facility Provider, the Remarketing Agent, the Borrower, the Tender Agent and the Trustee, and each shall be protected in relying on it.

At least 40 and not more than 50 days prior to the final Interest Payment Date of a Reset Period, the Borrower shall elect to have the Bonds bear interest from and after such Interest Payment Date at a Reset Rate for a new Reset Period or at a Variable Rate or Fixed Rate by giving written notice of such election to the Trustee, the Tender Agent, the Issuer, the Credit Facility Provider, the Servicer and the Remarketing Agent. If the Borrower fails to make such election, the Borrower shall be deemed to have elected to have the Bonds bear interest at a Variable Rate determined in accordance with the procedures set forth in subsection (b) of this Section 2.02 commencing on the day immediately following the last day of the Reset Period, in which event there shall be no mandatory sinking fund redemption schedule for the Bonds during the succeeding Variable Period. Notwithstanding the election of the Borrower to have the Bonds bear interest at a new Reset Rate or a Fixed Rate, as the case may be, at the end of a Reset Period, if the Borrower fails to supply the items required by this Section 2.02(c) or subsection (d) of this Section 2.02, as applicable, the Bonds shall be redeemed (or purchased in lieu thereof) on the day following such Reset Period pursuant to Section 3.01(b)(vi) or 3.06 hereof, as applicable.

(d) *Fixed Rate.* At the written request of the Borrower with the prior written consent of the Credit Facility Provider or at the written request of the Credit Facility Provider on behalf of the Borrower if the Borrower has not provided the Credit Facility Provider proof satisfactory to it of the extension or substitution of a Hedge Agreement satisfying the requirements of the Reimbursement Agreement not later than sixty (60) days prior to the expiration of any Hedge Agreement, the rate of interest on the Bonds may be established at a Fixed Rate on any Interest Payment Date during a Variable Period or on the day following any Reset Period, in accordance with the procedures set forth in this Section 2.02(d). In order to effect a Fixed Rate Adjustment, the Borrower must deliver such written request (and consent of the Credit Facility Provider), or, if applicable, the Credit Facility Provider on behalf of the Borrower must deliver such written

request to the Trustee, the Issuer, the Credit Facility Provider, the Servicer, the Tender Agent and the Remarketing Agent specifying (i) the Fixed Rate Adjustment Date, which shall be not less than forty (40) days after such notice is received by such parties, (ii) the sinking fund redemption amounts for each Interest Payment Date, as provided in Section 3.01(c), at a price equal to the principal amount of Bonds subject to redemption plus interest accrued thereon to the date fixed for redemption, without premium, pursuant to Section 3.01(b)(v) hereof and any applicable optional redemption provision pursuant to Section 3.01(a) hereof, and (iii) the date on which the Fixed Rate will be determined by the Remarketing Agent, which date shall be not later than the Business Day immediately prior to the Fixed Rate Adjustment Date. Such notice must be followed, except as noted in the paragraph immediately below, on or before the date that is five (5) Business Days prior to notice being given by the Trustee to the Bondholders with respect to Fixed Rate Adjustment, by (1) an opinion of Bond Counsel to the effect that Fixed Rate Adjustment in accordance with the procedures described in this Section 2.02(d) is permitted by this Indenture and the Act and will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, (2) if Bonds are to be held publicly after the Fixed Rate Adjustment Date, either an irrevocable commitment (which commitment may be subject to customary commercial conditions) of an Alternate Credit Facility Provider to issue an Alternate Credit Facility to be in effect upon and after Fixed Rate Adjustment and until the maturity date of the Bonds, together with accompanying documentation required by Section 5.4 of the Financing Agreement or the irrevocable written commitment of the Credit Facility Provider for an amendment to the Credit Facility to fulfill the Interest Requirement and, if applicable, to extend the termination date of the Credit Facility, (3) the form of notice to be given by the Trustee to the Owners of the Bonds with respect to Fixed Rate Adjustment, (4) payment to the Trustee and the Issuer of such amounts as the Trustee and the Issuer reasonably determine may be required in connection with Fixed Rate Adjustment, including, but not limited to, their own fees and expenses (including those of their counsel) and the cost of printing new Bonds, (5) the proposed form of disclosure document (if any) to be distributed in connection with the remarketing of the Bonds on the Fixed Rate Adjustment Date and an undertaking of the Borrower which satisfies any applicable requirements of Rule 15c2-12 of the Securities Exchange Act of 1934, and (6) if Bonds are to be held publicly after the Fixed Rate Adjustment Date and an Alternate Credit Facility is being delivered on such date, written evidence from the Rating Agency to the effect that the Bonds will be rated at least "Aa" by Moody's or "AA" by S&P, without regard to pluses or minuses (or such lower ratings as shall be approved by the Issuer) on the Fixed Rate Adjustment Date.

If (i) the Credit Facility to be in effect upon and after Fixed Rate Adjustment or (ii) an irrevocable commitment described in (2) of the preceding paragraph is not delivered to the Trustee in escrow at least fifteen (15) days before the Fixed Rate Adjustment Date, or if on any Business Day at least ten (10) days before the Fixed Rate Adjustment Date, the Trustee receives notice from the Borrower to the effect that it no longer wishes to proceed with the Fixed Rate Adjustment, or the Trustee receives written notice from the Remarketing Agent that a Market Risk Event has occurred, the Trustee shall not give the notice specified in the next paragraph to the Owners of the Bonds. In the event that the Trustee receives notice from the Remarketing Agent that a Market Risk Event has occurred after giving the notice specified in the next paragraph to the Owners of the Bonds, the Trustee shall notify the Owners of the Bonds that the Fixed Rate Adjustment, but not the mandatory tender of Bonds on the proposed Fixed Rate Adjustment Date, has been cancelled. In such event, (1) if the Bonds bear interest at a Variable

Rate prior to the proposed Fixed Rate Adjustment Date, they shall continue to bear interest at a Variable Rate, and (2) if the proposed Fixed Rate Adjustment Date was to be the day following a Reset Period, then the Bonds shall be redeemed (or purchased in lieu thereof) on the day following such Reset Period pursuant to Section 3.01(b)(vi) or Section 3.06 hereof, as applicable.

The Trustee shall give notice to the Owners of the Bonds, by first class mail not less than nine (9) days before the Fixed Rate Adjustment Date, specifying: (i) the Fixed Rate Adjustment Date, and that the interest rate on the Bonds will be established at the Fixed Rate through the final maturity of the Bonds; (ii) that all Bonds must be tendered for purchase at the Purchase Price and surrendered to the Tender Agent for purchase not later than 9:30 a.m., Washington, D.C. time, on the Fixed Rate Adjustment Date; and (iii) that the Fixed Rate Adjustment Date (but not the mandatory tender of Bonds on the proposed Fixed Rate Adjustment Date) is subject to cancellation upon receipt by the Trustee of notice from the Remarketing Agent that a Market Risk Event has occurred.

Any Bond not tendered to the Tender Agent for purchase in accordance with the provisions of this Section 2.02(d) on the Fixed Rate Adjustment Date (including a canceled Fixed Rate Adjustment Date) shall be deemed to have been tendered for purchase on such Fixed Rate Adjustment Date pursuant to Section 10.02 hereof for all purposes of this Indenture, including particularly Article X hereof; provided, however, payment on such Bonds shall only be made upon presentation thereof.

From and after Fixed Rate Adjustment and until maturity, the Bonds shall bear interest at the Fixed Rate, payable on each Interest Payment Date, commencing on the Interest Payment Date next following the Fixed Rate Adjustment Date, computed on the basis of a 360-day year of twelve 30-day months. The Fixed Rate shall be that rate of interest, determined by the Remarketing Agent on the date specified in the notice from the Borrower referred to in the first paragraph of this Section 2.02(d), which, if borne by the Bonds, would, in the reasonable professional judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, be the interest rate necessary, but which would not exceed the interest rate necessary, to be borne by the Bonds in order for the market value of the Bonds on such date to be 100% of the principal amount thereof (disregarding accrued interest); provided, however, that in no event shall the Fixed Rate exceed the Maximum Rate.

The determination of the Fixed Rate by the Remarketing Agent in accordance with the provisions of this Section 2.02(d) shall (in the absence of manifest error) be conclusive and binding on the Owners of the Bonds, the Issuer, the Credit Facility Provider, the Servicer, the Remarketing Agent, the Borrower, the Tender Agent and the Trustee, and each shall be protected by relying on it.

Section 2.03. ***Limited Obligations.*** **NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, ANY OBLIGATION WHICH THE ISSUER MAY INCUR UNDER THIS INDENTURE OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION HEREWITH WHICH SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER BUT SHALL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE**

RESPECTIVE BONDHOLDERS 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 SPECIAL LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE BONDHOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NONE OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE SPECIFICALLY PLEDGED THERETO. THE ISSUER HAS NO TAXING POWER.

No agreement or obligation contained herein shall be deemed to be an agreement or obligation of any director, officer, employee, commissioner, servant or agent of the Issuer in his or her individual capacity, and neither the directors of the Issuer nor any officer thereof executing any Bond shall be liable personally on such Bond or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, commissioner, servant or agent of the Issuer shall incur any personal liability with respect to any other action taken by him or her pursuant to this Indenture.

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC. PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

Section 2.04. ***Indenture Constitutes Contract.*** In consideration of the purchase and acceptance of the Bonds issued hereunder by those who shall hold them from time to time, the provisions of this Indenture shall be part of the contract of the Issuer with the Holders of the Bonds and shall be deemed to be a contract between the Issuer and the Holders of the Bonds from time to time.

Section 2.05. ***Form and Execution.*** The Bonds shall be in substantially the form attached as ***Exhibit A-1***, provided that Purchased Bonds shall be in substantially the form attached as ***Exhibit A-2***, with necessary and appropriate variations, omissions and insertions as are customary, permitted or required by this Indenture. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the President or Vice President of the Issuer, and attested by the manual or facsimile signature of the Secretary of the Issuer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Bonds.

Any reproduction of the official seal of the Issuer on the Bonds shall have the same force and effect as if the official seal of the Issuer had been impressed on the Bonds.

In case any officer of the Issuer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery, and also any Bond may bear the facsimile signatures of, or 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.

Section 2.06. ***Authentication.*** No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until such Bond has been (i) duly registered by the Comptroller by the execution of a registration certificate of the Comptroller substantially in the form as set forth herein and appearing on the Initial Bond or (ii) authenticated by the Trustee by the execution of the Trustee's certificate of authentication substantially in the form set forth in ***Exhibit A-1*** (or, in the case of a Purchased Bond, in substantially the form set forth in ***Exhibit A-2***) to this Indenture and appearing on the Bonds, other than the Initial Bond. The registration certificate of the Comptroller shall be manually executed by said Comptroller (or a deputy designated in writing to act for said Comptroller) and the seal of the Comptroller shall be impressed, or placed in facsimile, on the registration certificate. The execution of the registration certificate shall be conclusive evidence that the Initial Bond has been duly issued under this Indenture and that the holder thereof is entitled to the benefits of this Indenture. Upon receipt of the Initial Bond by the Issuer, with the registration certificate thereon so executed and sealed as aforesaid, the Issuer shall deliver such Initial Bond to the Trustee. The Trustee, upon satisfaction of the conditions specified below, shall cancel the Initial Bond and shall deliver the definitive Bonds to the initial purchasers thereof or their designee, in substitution of the Initial Bond. The certificate of authentication of the Trustee appearing on any Bond shall be deemed to have been duly executed by the Trustee if manually signed by an authorized signatory of the Trustee. It shall not be required that the same signatory of the Trustee sign the certificate of authentication on all of the Bonds.

Section 2.07. ***Mutilated, Lost, Stolen or Destroyed Bonds.*** In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and the Trustee shall authenticate a new Bond of like denomination, interest rate, series, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated Bond or in lieu of and in substitution for such lost, stolen or destroyed Bond, upon payment by the Owner thereof of any applicable tax or governmental charge and the reasonable expenses and charges of the Issuer and the Trustee in connection therewith, and in the case of a Bond lost, stolen or destroyed, the filing with the Trustee of evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and furnishing the Issuer and the Trustee with indemnity satisfactory to each of them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond or Bonds the Issuer may pay the same without surrender thereof.

Section 2.08. ***Transfer and Exchange of Bonds; Persons Treated as Owners.*** The Trustee as Bond Registrar shall cause a Bond Register to be kept for the registration of transfers of Bonds. Any Bond may be transferred only upon an assignment duly executed by the

registered Owner or such registered Owner's duly authorized representative in such form as shall be satisfactory to the Bond Registrar and upon surrender of such Bond to the Trustee for cancellation. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the Trustee shall authenticate and deliver to the transferee a replacement fully registered Bond or Bonds, of Authorized Denomination or Denominations and for the amount of such Bond or Bonds so surrendered.

Any Bond may, in accordance with its terms, be exchanged, at the office of the Trustee, for a new fully registered Bond or Bonds, of the same maturity, of any Authorized Denomination or Denominations and for the aggregate amount of such Bond then Outstanding.

In all cases in which Bonds shall be transferred or exchanged hereunder, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange shall be paid by the Borrower.

The Person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of and premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered Owner thereof, or such registered Owner's legal representative, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums to be paid.

Neither the Issuer nor the Trustee shall be required to make any such exchange, registration or transfer of Bonds during the period of fifteen (15) days immediately preceding an Interest Payment Date if the Bonds bear interest at a Reset Rate or a Fixed Rate, or, in the case of any proposed redemption of Bonds, during the period of fifteen (15) days immediately preceding the selection of Bonds for such redemption and after the giving of notice of redemption, the Trustee is not required to transfer or exchange any Bond or portion thereof which has been called for redemption.

Section 2.09. ***Temporary Bonds.*** Until definitive Bonds are ready for delivery, there may be executed, and upon the request of the Issuer the Trustee shall authenticate and deliver, in lieu of definitive Bonds temporary printed, typewritten, engraved or lithographed Bonds, in such denomination or denominations as shall be determined by the Issuer, in fully registered form, in substantially the form hereinabove set forth and with such appropriate omissions, insertions and variations as may be required.

If temporary Bonds shall be issued, the Issuer shall cause the definitive Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it, at the Principal Office of the Trustee, of any temporary Bond shall cancel the same and authenticate and deliver in exchange therefor, without charge to the Owner thereof, a definitive Bond or Bonds, as the case may be, of an equal aggregate principal amount, of the same maturities and bearing interest at the same rates as the temporary Bond surrendered. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefit and security

of this Indenture as the definitive Bonds to be issued and authenticated hereunder. Interest on temporary Bonds, when due and payable, if the definitive Bonds shall not be ready for exchange, shall be paid on presentation of such temporary Bonds and notation of such payment shall be endorsed thereon by the Trustee.

Section 2.10. ***Delivery of Bonds.*** Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to or upon the order of the Issuer upon receipt by the Trustee of the following:

(a) executed counterparts of this Indenture, the Financing Agreement, the Tax Regulatory Agreement, the Tax Certificate, the Remarketing Agreement, the Intercreditor Agreement, the Pledge Agreement, the Credit Enhancement Agreement, the Reimbursement Agreement and the Rehabilitation Escrow Agreement;

(b) an opinion of Bond Counsel to the effect that the Issuer is duly organized and existing under the laws of the State and has duly authorized, executed and delivered this Indenture, other loan documents to which it is a party and the Bonds and that the Bonds are entitled to the benefits of this Indenture and are valid and binding special, limited obligations of the Issuer enforceable in accordance with their terms subject to customary exceptions;

(c) sale proceeds of the Bonds, together with accrued interest thereon, if any;

(d) the Bond Mortgage Note;

(e) a copy of the Bond Mortgage and the Reimbursement Mortgage;

(f) an opinion of counsel to the Borrower to the effect that the Borrower is duly organized and validly existing and in good standing under the laws of the state in which it has been organized and in good standing under the laws of each other state in which the Borrower transacts business and has full power and authority to enter into the agreements described herein to which it is a party, that its execution and delivery of and performance of its covenants in such agreements do not contravene law or any provision of any other agreement to which it is a party or by which it or such property is bound or affected, and that all such agreements have been duly authorized, executed and delivered by the Borrower, and are legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their respective terms;

(g) an opinion of Bond Counsel to the effect that the interest on the Bonds, under laws in effect on the date of such opinion, is excluded from gross income for federal income tax purposes and, where applicable, for State income tax purposes;

(h) a certified copy of the Bond Resolution;

(i) an approving opinion of the Attorney General of the State along with a Certificate of the Comptroller of Public Accounts; and

(j) the written request and authorization to the Trustee by the Issuer to authenticate and deliver the Bonds to the initial purchasers thereof upon payment to the Trustee, for the

account of the Issuer, of the sum specified as the purchase price therefor in such request and authorization; and

(k) receipt by the Trustee of the amounts specified in Section 2.11 of this Indenture and Section 3.3 of the Financing Agreement.

Section 2.11. ***Establishment of Bond Mortgage Loan Fund; Application of Bond Proceeds and Other Money; Assignment of Bond Mortgage Loan to Trustee.***

(a) The Trustee shall establish, maintain and hold in trust and there is hereby established with the Trustee a Bond Mortgage Loan Fund and therein a Project Account and a Borrower Equity Account. No amount shall be charged against the Bond Mortgage Loan Fund except as expressly provided in this Section 2.11 and Section 4.02.

(b) The proceeds of the sale of the Bonds shall be delivered to the Trustee on the Delivery Date. The Trustee shall deposit such proceeds to the credit of the Project Account of the Bond Mortgage Loan Fund (except any proceeds representing accrued interest on the Bonds shall be deposited in the Bond Fund [and any proceeds used to pay costs of issuance shall be deposited in the Cost of Issuance Fund]). Amounts in the Bond Mortgage Loan Fund shall be disbursed as provided in subparagraph (d) below, subject to the conditions set forth in Section 3.1 of the Financing Agreement. Upon the disbursement of all amounts in the Bond Mortgage Loan Fund, the Trustee shall close the Bond Mortgage Loan Fund.

(c) The Issuer shall cause the Borrower to deliver to the Trustee, on or prior to the Delivery Date, the Costs of Issuance Deposit for deposit to the credit of the Cost of Issuance Fund established pursuant to Section 4.01 and the Borrower Equity Deposit for deposit to the credit of the Borrower Equity Account. The Trustee shall also deposit in the Borrower Equity Account any additional amounts delivered from time to time to the Trustee and directed by the Borrower or Servicer to be deposited therein, excluding any proceeds of the Bonds.

(d) Upon the deposit of money to the credit of the Bond Mortgage Loan Fund, the Issuer shall originate the Bond Mortgage Loan pursuant to the Financing Agreement and the Trustee shall make disbursements of amounts in the Bond Mortgage Loan Fund to the Borrower or otherwise as provided in Section 4.02.

Section 2.12. ***Book-Entry Only System of Registration.***

(a) Notwithstanding the foregoing provisions of this Article II, each of the Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Bonds of each maturity, which Bonds shall be registered in the name of Cede & Co., as nominee of DTC. Except as provided in paragraph (f) below, and except with regard to Purchased Bonds issued in registered certificated form in accordance with Section 10.10(b), all of the Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of DTC. No Person other than DTC or its nominee or any "FAST' agent for DTC shall be entitled to receive from the Issuer or the Trustee either a Bond or any other evidence of ownership of the Bonds, or

any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the Bond Register in connection with discontinuing the book entry system as provided in paragraph (f) below or otherwise.

(b) So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price of or interest on such Bonds shall be made to DTC or its nominee in same day funds on the dates provided for such payments under this Indenture. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Trustee with respect to the principal or redemption price of or interest on the Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds Outstanding of any series or maturity, the Trustee shall not require surrender by DTC or its nominee of the Bonds so redeemed, but DTC (or its nominee) may retain such Bonds and make an appropriate notation on the Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Trustee, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the Bonds of such maturity which have been redeemed.

(c) The Issuer and the Trustee may treat DTC or its nominee as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Holders and for all other purposes whatsoever; and neither the Issuer nor the Trustee shall be affected by any notice to the contrary. Neither the Issuer nor the Trustee shall have any responsibility or obligation to any participant in DTC, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other Person which is not shown on the Bond Register as being a Bondholder, with respect to: (1) the accuracy of any records maintained by DTC or any such participant; (2) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Bonds; (3) the delivery to any participant or to any other Person, other than the Holders as shown on the Bond Register, of any notice which is permitted or required to be given to Holders under this Indenture; (4) the selection by DTC or any such participant of any Person to receive payment in the event of a partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as Holder.

(d) So long as the Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Holders under this Indenture shall be given to DTC as provided in DTC's procedures, as the same may be amended from time to time.

(e) In connection with any notice or other communication to be provided to Holders pursuant to this Indenture by the Issuer or the Trustee with respect to any consent or other action to be taken by Holders, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the Issuer or the Trustee may establish a special record date for such consent or other action. The Issuer or the

Trustee shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(f) The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if either: (1) DTC determines to resign as securities depository for the Bonds; or (2) the Issuer determines (with the prior written consent of the Credit Facility Provider) to discontinue the system of book-entry transfers through DTC (or through a successor securities depository) subject to the rules and regulations of DTC regarding the discontinuation of the system of book-entry transfers in effect at such time. In either of such events (unless, in the case described in clause (2) above, the Issuer appoints a successor securities depository), the Bonds shall be delivered in registered certificate form to such Persons, and in such series, maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Trustee for the accuracy of such designation. Whenever DTC requests the Issuer and the Trustee to do so, the Issuer and the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Section 2.13. ***Mandatory Tender of Bonds on Substitution Date.*** Except during the Fixed Rate Period, the Borrower, pursuant to Section 5.4 of the Financing Agreement, is permitted with the written confirmation to the Trustee of the Credit Facility Provider that the provisions of the Reimbursement Agreement have been satisfied, to provide an Alternate Credit Facility to replace the then outstanding Credit Facility at the times specified in the Financing Agreement.

The Bonds shall be subject to mandatory tender for purchase on any Substitution Date from the sources available pursuant to Sections 10.03 and 10.04, at a Purchase Price equal to the principal amount thereof plus accrued interest to the Substitution Date; provided however that any draw on a Credit Facility shall be made on the then existing Credit Facility and not the Alternate Credit Facility. In the event there is a draw on the then existing Credit Facility, substitution shall only occur if the Credit Facility Provider is immediately reimbursed for such draw (along with any fees and other costs that may be associated with such draw).

Upon receipt by the Trustee of (i) notice from the Borrower of a planned substitution of the Credit Facility, (ii) the aforementioned confirmation of the Credit Facility Provider; (iii) a form of the Alternate Credit Facility to be in effect on and after the Substitution Date and an irrevocable commitment to deliver such Alternate Credit Facility; (iv) a form of the disclosure document (if any) to be used in connection with the remarketing of the Bonds on the Substitution Date, and (v) a form of the documents required pursuant to Section 5.4 of the Financing Agreement, the Trustee shall establish the Substitution Date for the mandatory tender and purchase of the Bonds. Such Substitution Date shall be not less than five (5) days following the Trustee's receipt of the Alternate Credit Facility to be in effect on and after the Substitution Date (which Alternate Credit Facility may be delivered in escrow), and such other required documents; provided, however, the Substitution Date may be at a later date if the Trustee has received a commitment to extend the existing Credit Facility or the existing Credit Facility will be in place for up to a time period of not less than fifteen (15) days following the Trustee's receipt of the Alternate Credit Facility.

The Trustee shall give notice to the Owners of the Bonds, by first class mail not less than nine (9) days before the Substitution Date specifying: (a) the Substitution Date and (b) that all Bonds must be surrendered to the Tender Agent for purchase not later than 9:30 a.m., Washington, D.C. time, on the Substitution Date.

Any Bond not tendered to the Tender Agent for purchase in accordance with the provisions of this Section 2.13 on the Substitution Date (including any Substitution Date which fails to occur) shall be deemed to have been tendered for purchase on such Substitution Date pursuant to Section 10.02 hereof for all purposes of this Indenture, including particularly Article X hereof; provided, however, payment on such Bonds shall only be made upon presentation thereof.

ARTICLE III

REDEMPTION OF BONDS PRIOR TO MATURITY

Section 3.01. ***Redemption of Bonds Prior to Maturity.***

(a) **Optional Redemption**. The Bonds are subject to optional redemption from payments made under the Credit Facility (subject to the limitations set forth in Section 3.01(a)(iii)) or with other Eligible Funds deposited with the Trustee as follows:

(i) with the prior written consent of the Credit Facility Provider, in whole or in part, upon optional prepayments on the Bond Mortgage Loan in accordance with the prepayment restrictions set forth in the Bond Mortgage Note and Section 4.4 of the Financing Agreement as follows:

(A) During the Variable Period, on any Business Day, at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

(B) During a Reset Period or the Fixed Rate Period, on any Business Day during the periods set forth in the table below and at the respective redemption prices set forth below expressed as percentages of the principal amounts of the Bonds called for redemption, such redemption prices declining as set forth below until such redemption price equals 100% of the principal amount of the Bonds, plus accrued interest, if any, to the redemption date:

Term of Reset Period or Fixed Rate Period	Redemption Prices as a Percentage of Principal Amounts	Earliest Call Date
Greater than 15 years	103% after 10 years declining 1% per 12 months to 100%	10 years
Greater than 10 and less than or equal to 15	102% after 7 years declining 1% per 12 months to 100%	7 years
Less than or equal to 10 and greater than 7	102% after 4 years declining ½% per 12 months to 100%	4 years
Less than or equal to 7 and greater than 5	102% after 3 years declining 1% per 12 months to 100%	3 years
Less than or equal to 5 and greater than 2	101% after 1 year declining ½% per 6 months to 100%	2 years
Less than or equal to 2 and greater than 1	100-½% after 1 year declining ½% per 6 months to 100%	1 year
Equal to 1 year	100% after 6 months	6 months

provided that, notwithstanding the foregoing, the Borrower and the Remarketing Agent may, not later than fifteen (15) days before the Reset Adjustment Date or Fixed Rate Adjustment Date, as applicable, give notice to the Issuer, the Credit Facility Provider, the Servicer and the Trustee setting forth a redemption schedule different from that set forth in this paragraph, accompanied by (1) the written consent of the Credit Facility Provider, if any, to be in effect for the ensuing Reset Period or Fixed Rate Period, as applicable, and (2) an opinion of Bond Counsel addressed to the Issuer, the Credit Facility Provider, the Servicer and the Trustee to the effect that such change will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; and upon such notice and delivery of the consent and the opinion, such different redemption schedule shall apply to any redemption pursuant to this paragraph for such Reset Period or Fixed Rate Period, as applicable, without further action by any party.

(ii) While the Bonds are registered in the name of the Borrower pursuant to the Pledge Agreement, or on behalf of the Credit Facility Provider, in such other name as the Credit Facility Provider shall have directed, as a result of a mandatory tender for purchase of the Bonds pursuant to Section 3.06 hereof, the Bonds are subject to redemption, in whole or in part, on any date, at the option of the Credit Facility Provider, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium, from Eligible Funds or any other money acceptable to the Credit Facility Provider deposited with the Trustee.

(iii) Optional redemption of Bonds at a premium may only be made if the Trustee shall have received Eligible Funds (not consisting of funds drawn under the Credit Facility) on or prior to the redemption date in an amount sufficient to pay the applicable redemption premium.

(iv) The Trustee shall effect a redemption of Bonds pursuant to this Section 3.01(a) at the earliest practical date for which notice may be given hereunder but in no event later than 35 days following its receipt of money representing an optional prepayment of the Bond Mortgage Loan.

(b) **Mandatory Redemption.** The Bonds are subject to mandatory redemption on any Business Day, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium, at the earliest practicable date from payments made under the Credit Facility upon the occurrence of any of the following:

(i) in whole or in part, upon receipt by the Trustee of (1) proceeds of a draw under the Credit Facility, in the amount of Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Bond Mortgage Loan, such amount to be applied to reimburse the Credit Facility Provider for the draw under the Credit Facility as a result of casualty or condemnation of the Project and (2) a written direction by the Credit Facility Provider to redeem such Bonds using money obtained as a result of a draw upon the Credit Facility; or

(ii) in whole or in part, upon receipt by the Trustee of amounts from the Credit Facility Provider pursuant to the Credit Facility as a result of the occurrence of an event of default under any Bond Mortgage Loan Document and receipt by the Trustee of a written direction by the Credit Facility Provider to redeem the Bonds pursuant to the Credit Facility; or

(iii) in whole, on the last Business Day which is not less than five days before the date of expiration of any Credit Facility unless the Trustee receives (A) a renewal or extension of or replacement for such Credit Facility meeting the requirements of Section 5.4 of the Financing Agreement or (B) in the case of a replacement of the Credit Facility in connection with a Reset Adjustment Date or the Fixed Rate Adjustment Date pursuant to Section 2.02(c) or (d), an irrevocable commitment of an entity to issue an Alternate Credit Facility to be in effect upon and after such Reset Adjustment Date or Fixed Rate Adjustment Date, in each case not less than thirty (30) days before the expiration of the then-existing Credit Facility; or

(iv) in part, at the written direction of the Credit Facility Provider (A) on each Reset Adjustment Date, each Variable Rate Adjustment Date and on the Fixed Rate Adjustment Date in an amount not greater than the amount in the Principal Reserve Fund on the first day of the month prior to such Reset Adjustment Date, Variable Rate Adjustment Date or the Fixed Rate Adjustment Date, as applicable, or (B) on any Interest Payment Date during a Variable Period, in an amount not greater than the amount in the Principal Reserve Fund on the first day of the month prior to such Interest Payment Date; or

(v) in part, on each Interest Payment Date, during any Reset Period or Fixed Rate Period, with respect to the Bonds that have term maturities occurring during such Reset Period or Fixed Rate Period commencing on the first sinking fund mandatory redemption date established for the Bonds for such Reset Period or Fixed Rate Period as provided in subsection (c) of this Section 3.01; provided that if less than all the Bonds shall have been redeemed pursuant to Section 3.01(a) or 3.01(b), the amount of Bonds to be redeemed in each year from sinking fund installments as provided in this Section 3.01(b)(v) shall be decreased by an amount, in proportion, as nearly as

practicable, to the decrease in the payments on the Bond Mortgage Loan in such year as determined by the Trustee (in consultation with the Servicer); or

(vi) in whole, on the day following any Reset Period if the Trustee has not received the items required by Sections 2.02(c) or (d), as applicable, to effect a new Reset Period or a Fixed Rate Adjustment or upon cancellation of a rate adjustment on a Reset Adjustment Date or upon cancellation of a Fixed Rate Adjustment to a Fixed Rate; or

(vii) in part, on the Interest Payment date next following the completion of the rehabilitation of the Project, to the extent amounts remaining in the Project Account of the Bond Mortgage Loan Fund are transferred to the Redemption Fund pursuant to Section 4.02(e).

(c) **Maturities**. At least fifteen (15) days before a Reset Adjustment Date or the Fixed Rate Adjustment Date the Borrower shall, with the prior written consent of the Credit Facility Provider, determine whether the Bonds shall have serial maturities, term maturities with sinking fund redemptions, term maturities without sinking fund redemptions or any combination thereof; provided that in all events the maturity structure shall be based on and consistent with the Principal Reserve Schedule; provided, however, the Borrower shall deliver to the Issuer, the Remarketing Agent, the Trustee and the Credit Facility Provider an opinion of Bond Counsel to the effect that such determination of maturities and/or sinking fund redemptions will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(d) **Mandatory Sinking Fund Redemption**. Following a Variable Rate Adjustment Date, there shall be no mandatory sinking fund redemption schedule for the Bonds during the succeeding Variable Period.

Section 3.02. ***Selection of Bonds for Redemption.***

(a) The Trustee shall select Bonds subject to mandatory sinking fund redemption pursuant to Section 3.01(b)(v) hereof by lot or such method as the Trustee deems appropriate within the appropriate maturity. If less than all the Bonds then Outstanding shall be called for redemption other than as a result of mandatory sinking fund redemption pursuant to Section 3.01(b)(v) hereof, the Trustee shall redeem an amount of Bonds so that the resulting decrease in debt service on the Bonds in each semiannual period ending on an Interest Payment Date is proportional, as nearly as practicable, to the decrease in the payments on the Bond Mortgage Note in each such semiannual period, as verified by the Servicer, and the Bonds shall be selected by lot or such method as the Trustee deems appropriate within each maturity, the cost of such selection being at the Borrower's expense.

(b) Bonds shall be redeemed pursuant to this Article III only in integral multiples of $5,000 so long as all Bonds remaining Outstanding after the redemption are in Authorized Denominations.

(c) In no event shall Purchased Bonds be subject to redemption without the prior written consent of the Credit Facility Provider.

Section 3.03. ***Notice of Redemption.*** Notice of the intended redemption of each Bond shall be given by the Trustee by first class mail, postage prepaid, or by facsimile transmission, to the registered Owner at the address of such Owner shown on the Bond Register. All such redemption notices shall be given not less than ten (10) days (not less than thirty (30) days in the case of optional or mandatory sinking fund redemptions) nor more than sixty (60) days prior to the date fixed for redemption. The Trustee may provide a conditional notice of redemption upon the direction of the Credit Facility Provider or the Borrower (with the prior written consent of the Credit Facility Provider).

Notices of redemption shall state the redemption date and the redemption price, the place or places where amounts due upon such redemption will be payable, and, if less than all of the then Outstanding Bonds are called for redemption, shall state (i) the numbers of the Bonds to be redeemed by giving the individual certificate number of each Bond to be redeemed or shall state that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption only if bonds cease to be book entry bonds; (ii) the CUSIP numbers of all Bonds being redeemed if available; (iii) the amount of each Bond being redeemed (in the case of a partial redemption); (iv) the date of issue of the Bond as originally issued; (v) the rate of interest borne by each Bond redeemed or that the Bonds bear interest at a Variable Rate; (vi) the maturity date of each Bond being redeemed; (vii) the possibility of a purchase of Bonds in lieu of redemption, if applicable; (viii) the conditions, if any, which must be satisfied in order for the redemption to take place on the scheduled date of redemption, including, as provided in Section 3.01(a), that Eligible Funds are available to pay any redemption premium or the redemption price, as and if applicable, on the Bonds; and (ix) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each notice of redemption shall state that further interest on such Bonds will not accrue from and after the redemption date and that payment of the principal amount and premium, if any, will be made upon presentation and surrender of the Bonds at the Principal Office of the Trustee unless the Bonds are then held in a book-entry only system of registration.

Notice of such redemption shall also be sent by first class mail, overnight delivery service, facsimile transmission or other secure means, postage prepaid, to the Credit Facility Provider, to the Servicer, to the Remarketing Agent, to the Rating Agency, to all of the Securities Depositories and to at least two of the Information Services that disseminate securities redemption notices, when possible, at least two (2) Business Days prior to the mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

In addition to providing notice of redemption as set forth above, if the Bonds are no longer held in book-entry form, the Trustee shall send a second notice of redemption within sixty (60) days following the redemption date, by first class mail, overnight delivery service, or other secure means, postage prepaid to the registered Owners of any Bonds called for redemption, at their addresses appearing on the Bond Register, who have not surrendered their Bonds for redemption within thirty (30) days following the redemption date.

Failure to give notice by mailing to the registered Owner of any Bond designated for redemption or tender or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Bond if notice of such redemption shall have been mailed as herein provided.

Section 3.04. ***Cancellation.*** All Bonds that have been redeemed shall be marked cancelled by the Trustee, and shall not be reissued. A counterpart of the certificate of cancellation evidencing such cancellation shall, upon request, be furnished by the Trustee to the Issuer.

Section 3.05. ***Effect of Notice of Redemption.*** If a conditional notice of redemption has been provided pursuant to the terms of this Indenture and the conditions are not satisfied, such notice of redemption shall be of no force and effect and the Bondholders shall be restored to their former positions as though no such notice of redemption had been delivered. Notice of redemption having been given in the manner provided in this Article III and if either there were no conditions to such redemption or the conditions have been satisfied (or in the event no such notice is required under Section 3.03), and money for the redemption being held by the Trustee or Paying Agent for that purpose, thereupon the Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue on such date; and such Bonds shall thereafter no longer be entitled to any security or benefit under this Indenture except to receive payment of the redemption price thereof.

Section 3.06. ***Purchase of Bonds in Whole in Lieu of Redemption.*** Notwithstanding anything in this Indenture to the contrary, at any time the Bonds are subject to redemption in whole or, in the case of a redemption pursuant to Section 3.01(b)(vii), in part pursuant to the provisions of this Indenture, all (but not less than all except in the case of a partial redemption pursuant to Section 3.01(b)(vii)) of the Bonds to be redeemed may be purchased by the Trustee (for the account of the Borrower or the Credit Facility Provider or their respective designee, as directed by such party) on the date which would be the redemption date at the direction of the Credit Facility Provider or the Borrower, with the prior written consent of the Credit Facility Provider (which direction shall specify that such purchase is pursuant to this Section 3.06 and shall be given no later than 12:00 noon, Washington, D.C., time on such redemption date), at a purchase price equal to the redemption price which would have been applicable to such Bonds on the redemption date. The Bonds shall be purchased in lieu of redemption only from amounts provided by the Credit Facility Provider or from other Eligible Funds. In the event the Trustee is so directed to purchase Bonds in lieu of redemption, no notice to the holders of the Bonds to be so purchased (other than the notice of redemption otherwise required hereunder) shall be required, and the Trustee shall be authorized to apply to such purpose the funds in the Redemption Fund which would have been used to pay the redemption price for such Bonds if such Bonds had been redeemed rather than purchased. Such Bonds so purchased for the account of the Borrower shall for all purposes under this Indenture constitute Purchased Bonds held by the Custodian pursuant to the Pledge Agreement and may be remarketed by the Remarketing Agent in accordance with the provisions of Article X. In addition, the Credit Facility Provider shall have the right to direct the transfer of Purchased Bonds (without reinstatement of the then existing Credit Facility or delivery to the Trustee of an Alternate Credit Facility, which will result in such Bonds being unrated) to the Credit Facility Provider or any subsidiary of the Credit Facility Provider, or to a single Bondholder which has provided the Trustee with an investment

letter in the form attached to this Indenture as ***Exhibit C*** (and otherwise subject to the provisions of Section 2.12(g) hereof), provided that any transfer to a single Bondholder as described above shall require delivery of an opinion of Bond Counsel to the Trustee to the effect that such transfer will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Such Purchased Bonds, if not remarketed or transferred as provided herein, shall be redeemed and cancelled automatically by the Trustee on the date which is not later than two (2) years from the date of purchase, unless an opinion of Bond Counsel is delivered to the Trustee to the effect that not redeeming and canceling such Purchased Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Any purchase of Bonds hereunder is not intended as an extinguishment of the debt represented by the Bonds.

Section 3.07. ***Cancellation of Purchased Bonds.*** Upon a redemption date on which all Bonds (other than Purchased Bonds) are redeemed or on a date on which all Bonds (other than Purchased Bonds) are presented to the Trustee for cancellation pursuant to Section 3.06, all Bonds other than Purchased Bonds shall be deemed cancelled. The Credit Facility Provider also may, in accordance with the terms of the Reimbursement Agreement, direct the cancellation of Purchased Bonds in whole or in part at any time. No further money shall be required to be paid by the Issuer or the Credit Facility Provider in connection with such cancellation; provided, however, that such cancellation shall not release the obligation of the Borrower to reimburse the Credit Facility Provider for payments made in respect of principal of, interest on or Purchase Price of the Bonds, including Purchased Bonds.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01. ***Pledge of Revenues and Assets; Establishment of Funds.*** The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the Granting Clauses hereof shall attach, be perfected and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any Person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

In addition to the Bond Mortgage Loan Fund established pursuant to Section 2.11 hereof and the Bond Purchase Fund established pursuant to Section 10.03 hereof, the Trustee shall establish, maintain and hold in trust the following funds and accounts, each of which is hereby established and each of which shall be disbursed and applied only as herein authorized:

(a) Revenue Fund, and within the Revenue Fund a General Account and a Credit Facility Account;

(b) Bond Fund and within the Bond Fund a Purchased Bonds Account;

(c) Redemption Fund;

(d) Administration Fund;

(e) Cost of Issuance Fund;

(f) Principal Reserve Fund; and

(g) Rebate Fund.

The funds and accounts established pursuant to this Section 4.01 shall be maintained in the corporate trust department of the Trustee as segregated trust accounts, separate and identifiable from all other funds held by the Trustee. The funds and accounts established hereunder shall bear a designation clearly indicating that the funds deposited therein are held for the benefit of (i) the Holders of the Bonds, respecting the Revenue Fund, the Bond Fund and the Redemption Fund, (ii) the Credit Facility Provider, respecting the Principal Reserve Fund, and (iii) the Borrower, respecting the Administration Fund, Cost of Issuance Fund and the Rebate Fund. The Trustee shall, at the written direction of an Authorized Officer of the Issuer, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted hereunder.

Section 4.02. ***Bond Mortgage Loan Fund.***

(a) Deposit. The Trustee shall deposit the proceeds of the sale of the Bonds into the Project Account of the Bond Mortgage Loan Fund as provided in Section 2.11(b). The Trustee shall deposit the Borrower Equity Deposit into the Borrower Equity Account of the Bond Mortgage Loan Fund, as well as any additional amounts delivered from time to time to the Trustee and directed by the Borrower or Servicer to be deposited therein (excluding any proceeds of the Bonds), as provided in Section 2.11(c).

(b) Disbursements. Amounts on deposit in the Bond Mortgage Loan Fund shall be disbursed from time to time by the Trustee for the purpose of paying Costs of the Project. In addition, amounts in the Bond Mortgage Loan Fund shall be transferred to the Redemption Fund, the Rebate Fund and the Borrower at the times and in the manner provided in Section 4.02(e).

(c) Transfers and Requisitions. The Trustee shall make disbursements from the respective accounts of the Bond Mortgage Loan Fund for purposes described in Section 4.02(b) only upon the receipt of Requisitions signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer (signifying the consent to the Requisition by the Servicer). The Trustee shall have no right or duty to determine whether any requested disbursement from the Bond Mortgage Loan Fund complies with the terms, conditions and provisions of the Rehabilitation Escrow Agreement. The countersignature of the Authorized Officer of the Servicer on a Requisition shall be deemed a certification and, insofar as the

Trustee and the Issuer are concerned, constitute conclusive evidence, that all of the terms, conditions and requirements of the Rehabilitation Escrow Agreement applicable to such disbursement have been fully satisfied or waived. The Trustee shall, immediately upon each receipt of a completed Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer, initiate procedures with the provider of a Qualified Investment to make withdrawals as necessary to fund the Requisition.

Notwithstanding anything to the contrary contained herein, no signature of an Authorized Officer of the Borrower shall be required during any period in which a default has occurred and is then continuing under the Bond Mortgage Loan or any Reimbursement Security Document (notice of which default has been given in writing by the Credit Facility Provider or the Servicer 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 a default).

(d) If a Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer or (as permitted hereunder) solely by an Authorized Officer of the Servicer, is received by the Trustee, the requested disbursement shall be paid by the Trustee as soon as practicable, but in no event later than three (3) Business Days after receipt thereof. Upon final disbursement of all amounts on deposit in the Bond Mortgage Loan Fund, including all interest accrued therein, the Trustee shall close the Bond Mortgage Loan Fund.

(e) Immediately prior to any mandatory redemption of Bonds pursuant to Section 3.01(b)(ii) of this Indenture, any amounts then remaining in the Bond Mortgage Loan Fund shall, at the written direction of the Credit Facility Provider, be transferred to the Redemption Fund to be applied to reimburse the Credit Facility Provider for the related the redemption of Bonds pursuant to Section 3.01(b)(ii). In addition, any amount remaining in the Project Account of the Bond Mortgage Loan Fund following completion of the rehabilitation of the Project in accordance with the Rehabilitation Escrow Agreement, evidenced by an instrument signed by the Credit Facility Provider, shall be transferred to the Redemption Fund and used to reimburse the Credit Facility Provider for the related redemption of Bonds in accordance with Section 3.01(b)(viii), unless the Trustee receives an opinion of Bond Counsel (which shall also be addressed to the Credit Facility Provider) to the effect that an alternate use of such moneys will not adversely affect the tax exempt status of the Bonds; provided that any amounts in the Project Account of the Bond Mortgage Loan Fund in excess of the amount needed to reimburse the Credit Facility Provider for the related redemption of the Bonds shall be transferred to the Rebate Fund. In the event there are funds remaining in the Borrower Equity Account following completion of the rehabilitation of the Project in accordance with the Rehabilitation Escrow Agreement and the Stabilization Requirements (as defined in the Rehabilitation Escrow Agreement) have been satisfied, evidenced by an instrument signed by the Credit Facility Provider, and provided no default by the Borrower exists under this Indenture or any Bond Mortgage Loan Document, such funds shall be paid by the Trustee to the Borrower at the written direction of the Credit Facility Provider.

(f) Amounts on deposit in the Bond Mortgage Loan Fund shall be invested as provided in Section 4.08. All Investment Income earned on amounts on deposit in the Bond Mortgage Loan Fund shall be retained in and credited to and become a part of the amounts on

deposit in the Bond Mortgage Loan Fund, and shall constitute part of any transfers required by Section 4.02(b) or Section 4.02(e).

Section 4.03. ***Application of Revenues.***

(a) All Revenues shall be deposited by the Trustee, promptly upon receipt thereof, to the General Account of the Revenue Fund, except (i) the proceeds of the Bonds received by the Trustee on the Delivery Date, which shall be applied in accordance with the provisions of Section 2.11 hereof; (ii) amounts paid pursuant to the Credit Facility, which shall be deposited in the Credit Facility Account; (iii) the Bond Fee Component received from the Servicer or the Borrower, which shall be deposited to the Administration Fund; (iv) as otherwise specifically provided in subsection (c) of this Section 4.03 with respect to certain deposits into the Redemption Fund; (v) as otherwise specifically provided in the second paragraph of Section 4.06 hereof with respect to deficiencies in the Administration Fund; (vi) with respect to investment earnings to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable; and (vii) with respect to amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) On each Interest Payment Date or any other date on which payment of principal of or interest on the Bonds becomes due and payable, the Trustee, out of money in the Credit Facility Account and the General Account of the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST: to the Bond Fund from money in the Credit Facility Account of the Revenue Fund, an amount equal to the principal of and interest due on the Bonds on such date (excluding principal of and interest on any Purchased Bonds and excluding the principal constituting a mandatory sinking fund payment on any Bonds on such date); and

SECOND: to the Redemption Fund from money in the Credit Facility Account of the Revenue Fund, an amount equal to the principal amount due and payable on the Bonds with respect to mandatory sinking fund redemption (excluding principal of any Purchased Bonds) on such date; and

THIRD: to the Redemption Fund from money in the Credit Facility Account (i) amounts paid to the Trustee under the Credit Facility to be applied to the mandatory redemption of all or a portion of the Bonds pursuant to Section 3.01(b) hereof (other than a mandatory sinking fund redemption) and (ii) amounts paid to the Trustee under the Credit Facility to be applied to the optional redemption of all or a portion of the Bonds pursuant to Sections 3.01(a)(i) and 3.01(a)(ii) hereof; and

FOURTH: to the Purchased Bonds Account in the Bond Fund from money in the General Account, such amount as the Credit Facility Provider shall advise the Trustee is equal to the interest due on the Purchased Bonds on such date.

(c) Promptly upon receipt, the Trustee shall deposit directly to the Redemption Fund (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Bond Mortgage Loan, such amount to be applied to reimburse the Credit

Facility Provider for a draw under the Credit Facility in such amount to provide for extraordinary mandatory redemption of all or a portion of the Bonds pursuant to Section 3.01(b)(i); (ii) Eligible Funds (other than draws under the Credit Facility) paid to the Trustee to be applied to the optional redemption of all or a portion of the Bonds pursuant to Section 3.01(a)(i) or 3.01(a)(ii); (iii) Eligible Funds (other than draws under the Credit Facility) paid to the Trustee to be applied to the payment of any redemption premium in connection with an optional redemption of all or a portion of the Bonds pursuant to Section 3.01(a)(i) hereof; and (iv) amounts transferred to the Redemption Fund from the Bond Mortgage Loan Fund pursuant to Section 4.02(e).

(d) Should the amount in the Bond Fund be insufficient to pay the amount due on the Bonds on any given Interest Payment Date or other payment date after the transfers from the Credit Facility Account, the Trustee shall credit to the Bond Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (1) the General Account of the Revenue Fund; (2) the Administration Fund; (3) the Redemption Fund, except no such charge to the Redemption Fund shall be made from money to be used to effect a redemption for which notice of redemption has been provided for or from money which are held for payment of Bonds which are no longer Outstanding hereunder; and (4) at the written direction of the Credit Facility Provider pursuant to Section 4.07(f), the Principal Reserve Fund.

(e) At the written direction of the Borrower, and with the written consent of the Credit Facility Provider, interest earnings deposited into the General Account of the Revenue Fund shall be paid to the Borrower semi-annually on each [_____] 1 and [_____]1, commencing [_____], 20[___], so long as (i) there is no deficiency in the Principal Reserve Fund, the Hedge Fee Escrow, the Administration Fund, the Rebate Fund or any Custodial Account, (ii) no default exists under the Bond Mortgage Loan and (iii) no event of default exists under any of the Bond Mortgage Loan Documents.

Section 4.04. ***Application of Bond Fund.*** The Trustee shall charge the Bond Fund, on each Interest Payment Date, an amount equal to the unpaid interest and principal due on the Bonds on such Interest Payment Date, and shall cause the same to be applied to the payment of such interest and principal when due (excluding principal on any Purchased Bond). Any money remaining in the Bond Fund on any Interest Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Redemption Fund to redeem Bonds called for mandatory sinking fund redemption on such Interest Payment Date, be transferred to the Redemption Fund to be applied for such purpose. Any balance remaining in the Bond Fund on the Business Day immediately succeeding an Interest Payment Date shall be transferred to the Servicer for payment to the Credit Facility Provider to be applied in accordance with the Reimbursement Agreement.

Income realized from the investment or deposit of money in the Bond Fund shall be deposited by the Trustee upon receipt thereof in the General Account of the Revenue Fund.

No amount shall be charged against the Bond Fund except as expressly provided in this Article IV and in Section 6.05.

Section 4.05. ***Application of Redemption Fund.*** Any money credited to the Redemption Fund shall be applied as set forth in Sections 4.03(b) and 4.03(c) hereof; provided,

however, that to the extent any money credited to the Redemption Fund from Eligible Funds (other than draws under the Credit Facility) is in excess of the amount necessary to effect the redemptions described in Sections 4.03(b) and 4.03(c) it shall be applied to make up any deficiency in the Bond Fund on any Interest Payment Date, to the extent money then available in accordance with Section 4.03(d) hereof in the General Account of the Revenue Fund and the Administration Fund are insufficient to make up such deficiency, provided that no money to be used to effect a redemption for which a conditional notice of redemption, the conditions of which have been satisfied, or an unconditional notice of redemption has been provided or money which are held for payment of Bonds which are no longer Outstanding hereunder shall be so transferred to the Bond Fund.

On or before each Interest Payment Date, the income realized from the investment of money in the Redemption Fund shall be credited by the Trustee to the General Account of the Revenue Fund.

No amount shall be charged against the Redemption Fund except as expressly provided in this Article IV and in Section 6.05.

Section 4.06. ***Application of Administration Fund.*** Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Trustee and used **FIRST**, in accordance with Section 4.03(d), to make up any deficiency in the Bond Fund on any Interest Payment Date, to the extent money then available in the General Account of the Revenue Fund are insufficient to make up such deficiency; **SECOND**, to pay to the Trustee when due the Ordinary Trustee's Fees and Expenses; **THIRD**, to pay to the Issuer when due the Issuer Fee; **FOURTH**, to pay when due the reasonable fees and expenses of a Rebate Analyst in connection with the computations relating to arbitrage rebate required under this Indenture and the Financing Agreement, upon receipt of an invoice from the Rebate Analyst; **FIFTH**, to deposit to any Custodial Escrow Account any deficiency in the amount held therein as certified in writing by the Servicer (or subsequent holder of such an account) to the Trustee; **SIXTH**, to pay to the Remarketing Agent any unpaid portion of the Remarketing Agent Fee owed to it (to the extent such unpaid portion is included in the Bond Fee Component), as set forth in an invoice submitted to the Trustee; **SEVENTH**, to pay to the Trustee any Extraordinary Trustee's Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to the Borrower and Freddie Mac; **EIGHTH**, to pay to the Issuer any extraordinary expenses it may incur in connection with the Bonds or this Indenture from time to time, as set forth in an invoice submitted to the Trustee and Freddie Mac; **NINTH**, to pay to the Credit Facility Provider any unpaid portion of the amounts due under the Reimbursement Agreement, as certified in writing by the Credit Facility Provider to the Trustee; **TENTH**, to pay to the Servicer any unpaid portion of the Ordinary Servicing Fees and Expenses and any Extraordinary Servicing Fees and Expenses due and owing from time to time, as set forth in an invoice submitted to the Trustee and Freddie Mac; **ELEVENTH**, to make up any deficiency in the Redemption Fund on any redemption date of Bonds, to the extent money then available in accordance with Section 4.03(d) hereof in the Redemption Fund are insufficient to redeem Bonds called for redemption on such redemption date; **TWELFTH**, to pay to the Rating Agency when due the annual rating maintenance fee, if any , as set forth in an invoice submitted to the Trustee; **THIRTEENTH**, to pay to the Remarketing Agent any unpaid portion of fees owed to it upon receipt of invoices by

the Trustee; and **FOURTEENTH**, to transfer any remaining balance after application as aforesaid to the General Account of the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Trustee shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two (2) Business Days to the Trustee of the amount of such deficiency. Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Trustee.

On or before each Interest Payment Date, the income realized from the investment of money in the Administration Fund not needed to pay the foregoing amounts shall be credited by the Trustee to the General Account of the Revenue Fund.

No amount shall be charged against the Administration Fund except as expressly provided in this Article IV and Section 6.05.

Section 4.07. ***Principal Reserve Fund.***

(a) There shall be deposited into the Principal Reserve Fund the Principal Reserve Schedule Payments in accordance with the Reimbursement Agreement. Any interest earned on or profits realized from amounts on deposit in the Principal Reserve Fund shall be deposited into the Principal Reserve Fund and, provided that the Trustee has not received notice from the Servicer of a deficiency in the Principal Reserve Fund, the Hedge Fee Escrow or other Custodial Escrow Account, and there is no deficiency in the Administration Fund or the Rebate Fund, and the Trustee has not received notice that a default exists under any of the Bond Mortgage Loan Documents, shall be paid to the Borrower on the Interest Payment Date next succeeding receipt of such interest or profits by the Trustee. In addition, there shall be deposited into the Principal Reserve Fund remarketing proceeds relating to Purchased Bonds, which shall be used to reimburse the Credit Facility Provider in an amount equal to the amount of any Liquidity Advance paid to the Trustee to purchase Bonds on any Settlement Date.

(b) At the written direction of the Credit Facility Provider, amounts on deposit in the Principal Reserve Fund shall be used by the Trustee to pay any amounts required to be paid by the Borrower under any Bond Mortgage Loan Document, to pay any amounts owed to the Credit Facility Provider in connection with any loan purchased by the Credit Facility Provider and secured by the Project, or to pay any other amount agreed to in writing by the Borrower and the Credit Facility Provider; provided that the amounts on deposit in the Principal Reserve Fund shall, upon the occurrence of an event of default under any Bond Mortgage Loan Document, be used in any manner and for any purpose specified by the Credit Facility Provider.

(c) At the written request of the Borrower, the Credit Facility Provider, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Borrower (in which case the Trustee shall release such amounts to the Borrower, provided that if, in the judgment of the Rebate Analyst, the amount on deposit in the Rebate Fund at such time is less than the amount required under Section 4.12 to be

rebated to the United States Treasury, then prior to any such release to the Borrower, any amounts on deposit in the Principal Reserve Fund (up to the amount of such deficiency) shall be transferred to the Rebate Fund) and/or (ii) reduce or no longer require deposits to the Principal Reserve Fund.

(d) On each Reset Adjustment Date, Variable Rate Adjustment Date and on the Fixed Rate Adjustment Date, amounts on deposit in the Principal Reserve Fund shall be used to reimburse the Credit Facility Provider in an amount equal to any Guaranteed Payment made by the Credit Facility Provider to the Trustee under the Credit Facility to redeem Bonds in Authorized Denominations pursuant to Section 3.01(b)(iv).

(e) On the first day of the month in which an Interest Payment Date falls during a Reset Period or a Fixed Rate Period, amounts on deposit in the Principal Reserve Fund shall be used to reimburse the Credit Facility Provider in an amount equal to any Guaranteed Payment made by the Credit Facility Provider to the Trustee under the Credit Facility to redeem Bonds in Authorized Denominations pursuant to Section 3.01(b)(v).

(f) On any Interest Payment Date, to the extent of any deficiency in the Bond Fund, to the extent money then available in accordance with Section 4.03(d) in the General Account of the Revenue Fund, the Administration Fund and the Redemption Fund are insufficient to make up such deficiency, at the direction of the Credit Facility Provider, amounts on deposit in the Principal Reserve Fund shall be transferred to the Bond Fund in the amount of such deficiency.

(g) Any amounts remaining in the Principal Reserve Fund after payment in full of the principal of and interest on the Bonds shall be applied as provided in Section 4.11 hereof.

Section 4.08. ***Investment of Funds.*** The money held by the Trustee shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and accounts hereunder (except the Principal Reserve Fund as provided in this Section and the Bond Purchase Fund, the investment of which is provided for in Section 10.03) shall be, except as otherwise expressly provided herein, invested by the Trustee, at the written direction of the Borrower, in Qualified Investments which mature on the earlier of (i) six months from the date of investment and (ii) the date such money is needed; provided, that if the Trustee shall have entered into any investment agreement requiring investment of money in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements; provided further, that all funds derived from draws on the Credit Facility shall be held uninvested or shall be invested only in Government Obligations or in Qualified Investments of the type described in subparagraph (g) of the definition thereof which, in any case, shall mature or be subject to tender or redemption at par on or prior to the earlier of: (i) 30 days from the date of investment or (ii) the date such money is required to be applied pursuant to the provisions of this Indenture. Except as otherwise provided in the preceding sentence, in the absence of written direction from the Borrower and the Credit Facility Provider, the Trustee shall invest amounts on deposit in the funds and accounts established under this Indenture in investments of the type described in subparagraph (g) of the definition of Qualified Investments. Such investments may be made through the investment or securities department of the Trustee. All such Qualified Investments purchased with money in any fund or account hereunder shall mature, or shall be

subject to redemption or withdrawal without discount or penalty at the option of the Trustee, prior to the next succeeding Interest Payment Date. The Trustee may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized. Any instruction from the Borrower shall be deemed to include a representation that the investment constitutes a Qualified Investment and is in accordance with the terms hereof and the Tax Certificate. The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase in a Qualified Investment remains a Qualified Investment thereafter.

Amounts on deposit in the Principal Reserve Fund shall be invested and reinvested by the Trustee at the written direction of the Borrower in accordance with the investment requirements set forth in the Reimbursement Agreement. All such investments shall be attributable to and deemed at all times to be a part of the Principal Reserve Fund.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the General Account of the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the General Account of the Revenue Fund. Such investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary so to do in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

The Issuer acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur. To the extent permitted by law, the Issuer specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee hereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

In computing for any purpose hereunder the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

Section 4.09. ***Money Held for Particular Bonds; Funds Held in Trust.*** The amounts held by the Trustee for the payment of the interest, principal or redemption price due on any date with respect to particular Bonds pending such payment, shall be set aside and held in trust by it for the Holders of the Bonds entitled thereto, and for the purposes hereof such interest, principal or redemption price, after the due date thereof, shall no longer be considered to be unpaid.

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

Section 4.10. ***Accounting Records.*** The Trustee shall maintain accurate books and records for all funds and accounts established hereunder and provide monthly statements of such funds and accounts to the Issuer and the Borrower.

Section 4.11. ***Amounts Remaining in Funds.*** After full payment of the Bonds (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full payment of the fees, charges and expenses of the Issuer and the Trustee and other amounts required to be paid hereunder or under any Bond Mortgage Loan Document, including, but not limited to, the Credit Facility and the Reimbursement Agreement, 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 shall be paid or transferred to the Issuer; provided however, that if a default shall have occurred and remain uncured under any Bond Mortgage Loan Document of which the Trustee shall have received written notice from the Credit Facility Provider or the Servicer, then any such amounts remaining in any fund or account hereunder shall be paid to the Credit Facility Provider in accordance with the Reimbursement Agreement.

Section 4.12. ***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. In furtherance of the foregoing, the Borrower will satisfy its obligations under Section 148(f) of the Code as set forth in subsections (b), (e) and (f) hereof, unless the Borrower certifies in writing to the Trustee that it is exempt from the requirements thereof because it has met or expects to meet one of the exceptions available under such section of the Code.

(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 Bonds and ending at the close of such "Bond Year" and transfer to the Trustee for deposit to the Rebate Fund 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 Bonds each five-year period ending on the anniversary of the date of delivery of the 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 Bonds had been paid in full, such excess may be, upon written direction of the Borrower to the Trustee, 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" or "Rebate Amount" 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 1.148-1(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 from the Rebate Fund at least once every five years an amount that ensures that at least 90 percent of the Excess Earnings, as calculated by the Rebate Analyst, from the date of delivery of the 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 from the Rebate Fund not later than 60 days after the 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 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 Bonds, the Borrower shall furnish to such registered owner of 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 Bonds and ending on the date three years after the final retirement of the 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 Bonds are expended within 180 days of the date of the delivery of the Bonds, which fact the Borrower shall confirm to the Trustee by its written certificate.

(g) If the Trustee shall declare the principal of the 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 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 representing proceeds of the Bonds, the Bond Fund and the Redemption 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 Bonds when due. In furtherance of such intention, the Issuer hereby authorizes and directs the Authorized Officer, to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

Section 4.12. ***Cost of Issuance Fund.*** The Trustee shall use money on deposit to the credit of the Cost of Issuance Fund to pay the costs of issuance on the Delivery Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Borrower, as set forth in the closing memorandum prepared by the underwriter for the Bonds (and accepted and agreed to by the Issuer and the Borrower) on the Delivery Date or by Requisition, upon delivery to the Trustee of appropriate invoices for such expenses. Amounts in the Costs of Issuance Fund funded with proceeds of the Bonds, if any, shall be expended prior to the application of the Costs of Issuance Deposit. Investment earnings on amounts in the Cost of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Delivery Date shall be transferred to the Borrower. Upon such final disbursement, the Trustee shall close the Cost of Issuance Fund.

Section 4.13. ***Reports From the Trustee.*** The Trustee shall, on or before the fifteenth (15th) day of each month, file with the Multifamily Loan Servicing Department of the Credit Facility Provider, the Issuer (at its written request) and the Borrower a statement setting forth in respect of the preceding calendar month:

(i) the amount withdrawn or transferred by it and the amount deposited within or on account of each fund and account held by it under the provisions of this Indenture, including the amount of investment income on each fund and account;

(ii) the amount on deposit with it at the end of such month to the credit of each fund and account;

(iii) a brief description of all obligations held by it as an investment of money in each such fund and account; and

(iv) any other information which the Credit Facility Provider or the Issuer may reasonably request and to which the Trustee has access in the ordinary course of its operations.

Upon the written request of any Bondholder, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to such Bondholder. All records and files pertaining to the Trust Estate shall be open at all reasonable times to the inspection of the Issuer and the Credit Facility Provider and their agents and representatives upon reasonable prior notice during normal business hours.

Section 4.14. ***Payments Under Bond Mortgage Loan.*** The Trustee and the Issuer hereby expressly acknowledge that references in this Indenture to payments or prepayments of the Bond Mortgage Loan shall, for all purposes of this Indenture, refer solely to such portion of such payments or prepayments actually paid by the Credit Facility Provider to the Trustee as

Guaranteed Payments pursuant to the Credit Facility for which the Borrower has correspondingly reimbursed the Credit Facility Provider in an amount equal to the Guaranteed Payments. Without in any way limiting the foregoing, the Trustee and the Issuer hereby acknowledge that, pursuant to the Guide, the Servicer will pay the Freddie Mac Credit Enhancement Fee, the Freddie Mac Reimbursement Amount and the Ordinary Servicing Fees and Expenses from payments under the Bond Mortgage Loan made by the Borrower prior to remitting the balance of such payments or prepayments to the Trustee for application as provided in this Indenture.

Section 4.15. ***Drawings Under Credit Facility.*** The Credit Facility shall be held by the Trustee and drawn upon in accordance with its terms and the provisions of this Indenture. Money derived from draws upon the Credit Facility shall be deposited in the Credit Facility Account of the Revenue Fund and applied by the Trustee to pay the principal of and interest on the Bonds, and, in the event of a purchase of the Bonds, to pay, to the extent provided in the Credit Facility, the Purchase Price of the Bonds in accordance with this Indenture.

The Trustee shall draw money under the Credit Facility in accordance with the terms thereof when needed and in amounts sufficient to make timely payments of the principal of and interest, but not premium, on the Bonds when due and payable (i.e., on any Interest Payment Date, any Settlement Date, any redemption date or the Maturity Date). The Trustee shall not, however, be permitted to draw on the Credit Facility to pay principal of and interest on Purchased Bonds.

While the Bonds are bearing interest at the Variable Rate, should any Variable Interest Computation Date fall between the date of the draw on the Credit Facility and the next Interest Payment Date on the Bonds, the Trustee shall assume that the Bonds will bear interest at the Maximum Rate from such Variable Interest Computation Date to the next Interest Payment Date and shall draw on the Credit Facility accordingly. In the event that the Maximum Rate exceeds the actual interest rate during such period, the excess interest shall be immediately returned to the Credit Facility Provider.

Should the Credit Facility Provider become the owner of the Project by foreclosure or otherwise, the Trustee shall nevertheless continue to make payments on the Bonds only from draws on the Credit Facility or from other Eligible Funds.

The Trustee shall send to the Borrower via facsimile a copy of any documents which are presented to the Credit Facility Provider in connection with a drawing on the Credit Facility concurrently with its submission of those documents to the Credit Facility Provider, if requested to do so by the Borrower. The Borrower shall be permitted to provide the Trustee with an Alternate Credit Facility in accordance with this Indenture and the Financing Agreement.

Section 4.16. ***Notices Under Credit Enhancement Agreement.*** The Trustee hereby agrees to provide to the Credit Facility Provider all such notices, including any notice of failure to receive a payment, as shall be required under the Credit Facility in the manner and within the periods of time provided therein and the Trustee and the Issuer each hereby acknowledges that certain notices constitute a condition precedent to payment by the Credit Facility Provider under the Credit Facility.

ARTICLE V

GENERAL COVENANTS AND REPRESENTATIONS

Section 5.01. ***Payment of Principal and Interest.*** The Issuer covenants that it will promptly pay or cause to be paid, but only from the sources identified herein, sufficient amounts to provide for the payment of the principal of, premium, if any, the Purchase Price of and interest on the Bonds at the place, on the dates and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof.

Section 5.02. ***Performance of Covenants.*** The Issuer covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto.

Section 5.03. ***Instruments of Further Assurance.*** The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto, and such further acts, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of the Issuer or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer under this Section of this Indenture. The Issuer covenants and agrees that, except as herein otherwise expressly provided, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Trust Estate or the revenues or receipts therefrom.

The Issuer will promptly notify the Trustee and, so long as Freddie Mac is the Credit Facility Provider, the Servicer in writing of the occurrence of any of the following:

(i) the submission of any claim or the initiation of any legal process, litigation or administrative or judicial investigation against the Issuer with respect to the Bonds;

(ii) any change in the location of the Issuer's principal office or any change in the location of the Issuer's books and records relating to the transactions contemplated hereby;

(iii) the occurrence of any default or Event of Default of which the Issuer has actual knowledge;

(iv) the commencement of any proceedings or any proceedings instituted by or against the Issuer in any federal, state or local court or before any governmental body or agency, or before any arbitration board, relating to the Bonds; or

(v) the commencement of any proceedings by or against the Issuer under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, trustee or similar official shall have been, or may be, appointed or requested for the Issuer or any of its assets relating to the Bonds.

Section 5.04. ***Inspection of Project Books.*** The Issuer covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as the Trustee or the Credit Facility Provider may from time to time reasonably designate.

Section 5.05. ***No Modification of Security; Additional Indebtedness.*** The Issuer covenants that it will not, without the written consent of the Trustee and the Credit Facility Provider, alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which the Issuer is a party, or which has been assigned to the Issuer, and which relates to or affects the security for the Bonds or the payment of any amount owed to the Credit Facility Provider. The Issuer further covenants not to create or suffer to be created any lien upon the Trust Estate or any part thereof other than the lien created hereby and by the Bond Mortgage and the Reimbursement Mortgage without the prior written consent of the Credit Facility Provider.

Section 5.06. ***Damage, Destruction or Condemnation.*** Net Proceeds resulting from casualty to or condemnation of the Project shall be applied as provided in the Bond Mortgage Loan Documents and, to the extent consistent therewith, Section 3.01(b)(i) hereof.

Section 5.07. ***Tax Covenant.***

(a) *Issuer's Covenants.* The Issuer covenants to and for the benefit of the Holders of the Bonds that it will:

(i) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Bonds or the money and investments held in the funds and accounts in any manner which would cause the Bonds to be arbitrage bonds under

Section 148 of the Code and the Regulations issued under Section 148 of the Code (the "Regulations") or which would otherwise cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(ii) enforce or cause to be enforced all obligations of the Borrower under the Tax Regulatory Agreement in accordance with its terms and seek to cause the Borrower to correct any violation of the Tax Regulatory Agreement within a reasonable period after it first discovers or becomes aware of any such violation;

(iii) not take or cause to be taken any other action or actions, or fail to take any action or actions, if the same would cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(iv) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Issuer on the Bonds will be excluded from the gross income for federal income tax purposes, of the Bondholders pursuant to the Code, except in the event where any such owner of Bonds is a "substantial user" of the facilities financed with the Bonds or a "related person" within the meaning of the Code; and

(v) not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section 5.07, the Issuer and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Indenture and made a part of this Indenture as if set forth in this Indenture in full, and by its acceptance of this Indenture the Trustee acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Indenture by this reference and agrees to comply with the terms specifically applicable to it.

(b) *Trustee's Covenants.* The Trustee agrees that it will invest funds held under this Indenture in accordance with the covenants and terms of this Indenture and the Tax Certificate (this covenant shall extend through the term of the Bonds, to all funds and accounts created under this Indenture and all money on deposit to the credit of any such fund or account). The Trustee covenants to and for the benefit of the Bondholders that, notwithstanding any other provisions of this Indenture or of any other Bond Financing Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes; provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Issuer, Bond Counsel or the Rebate Analyst. This covenant shall extend, throughout the term of the Bonds, to all funds created under this Indenture and all money on deposit to the credit of any such fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under this Indenture, the Trustee obligates itself to comply throughout the term of the issue of the Bonds with the

requirements of Sections 103(b) and 148 of the Code; provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Issuer, Bond Counsel or the Rebate Analyst. The Trustee further covenants that should the Issuer or the Borrower file with the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so file), or should the Trustee receive, an opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Bonds would cause the Bonds to become "arbitrage bonds," then the Trustee will comply with any written instructions of the Issuer, the Borrower or Bond Counsel regarding such investment (which shall, in any event, be a Qualified Investment) or use so as to prevent the Bonds from becoming "arbitrage bonds," and the Trustee will bear no liability to the Issuer, the Borrower, the Bondholders or the Credit Facility Provider for investments made in accordance with such instructions.

Section 5.08. ***Representations and Warranties of the Issuer.*** The Issuer hereby represents and warrants as follows:

(a) The Issuer is a housing finance corporation organized and created under the laws of the State.

(b) The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver this Indenture, the Financing Agreement and the other Bond Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The revenues and assets pledged for the repayment of the Bonds are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Indenture, and all action on the part of the Issuer to that end has been duly and validly taken.

(d) The Bond Financing Documents to which the Issuer is a party have been validly authorized, executed and delivered by the Issuer, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 6.01. ***Events of Default.*** Each of the following shall be an event of default with respect to the Bonds (an "Event of Default") under this Indenture:

(a) failure to pay the principal or Purchase Price of, premium, if any, or interest on any Bond (other than Purchased Bonds) when due, whether on an Interest Payment Date, at the stated maturity thereof, by proceedings for redemption thereof, by acceleration or otherwise; or

(b) failure by the Credit Facility Provider to make when due a required payment under the Credit Facility; or

(c) failure to observe or perform any of the covenants, agreements or conditions on the part of the Issuer (other than those set forth in Section 5.01 hereof) set forth in this Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified herein for particular defaults) after written notice thereof (which notice shall be effective only with the written consent of the Credit Facility Provider if no Event of Default has occurred and is then continuing under Section 6.01(b) hereof) to the Issuer from the Trustee or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding at such time specifying such default and requiring the same to be remedied; provided that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and the Issuer commences the required cure within such thirty (30) day period and continues the cure with diligence and the Issuer reasonably anticipates that the default could be cured within sixty (60) days, the Issuer shall have sixty (60) days following receipt of such notice to effect the cure.

The Trustee and the Issuer agree that, notwithstanding the provisions hereof, no default under the terms of this Indenture shall be construed as resulting in a default under the Bond Mortgage Note, the Bond Mortgage or any other Bond Mortgage Loan Document, unless such event also constitutes an event of default thereunder.

The Trustee will immediately notify the Issuer, the Remarketing Agent, the Servicer and the Credit Facility Provider after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

Section 6.02. ***Acceleration; Other Remedies Upon Event of Default.***

(a) Upon the occurrence of an Event of Default under Section 6.01(b) hereof, the Trustee shall, upon the written request of the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding and receipt of indemnity satisfactory to it, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

(b) Upon the occurrence of an Event of Default (other than an Event of Default under Section 6.01(b) hereof), the Trustee shall, but only upon receipt from the Credit Facility Provider of a notice directing such acceleration (which notice may be given in the sole discretion of the Credit Facility Provider), by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable and, upon the Credit Facility Provider having honored a properly presented and conforming draw under the Credit Facility to pay such amounts, interest on the Bonds shall cease to accrue, anything contained in this Indenture or in the Bonds to the contrary notwithstanding.

The payment on the Bonds resulting from a declaration of acceleration on the Bonds as the result of an Event of Default occurring under Section 6.01(a) or (c) shall be made from the Credit Facility.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower or the Credit Facility Provider, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) upon all the Bonds then due, with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable fees and expenses of the Trustee (including its counsel) shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Reimbursement Agreement (including, without limitation, with respect to the Credit Facility Provider all outstanding amounts owed to the Credit Facility Provider and all fees owed to the Credit Facility Provider) (collectively, the "Cure Amount")) shall have been paid in full, and all other defaults hereunder shall have been made good or cured or waived in writing by the Credit Facility Provider (or, if an Event of Default under Section 6.01(b) hereof has occurred and is then continuing, by the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding), then and in every case, the Trustee on behalf of the Holders of all the Outstanding Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon. Notwithstanding the foregoing provisions of this paragraph, in the event the Cure Amount is derived in whole or in part from a draw on the Credit Facility, any such rescission or annulment of such declaration of acceleration shall not occur without the written consent of the Credit Facility Provider.

Upon the occurrence and during the continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Bonds with respect to which such an Event of Default has occurred and of the Credit Facility Provider (if no Event of Default has occurred and is continuing under Section 6.01(b)), may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the Holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under this Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights; provided that, so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, the Trustee may undertake any such remedy only upon the receipt of the prior written consent of the Credit Facility Provider (which consent may be given in the sole discretion of the Credit Facility Provider):

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, premium, if any, or interest on the Bonds then Outstanding and to require the Issuer or the Credit Facility Provider to carry out any covenants or agreements with or for the benefit of the Bondholders and to perform its duties under the Act, this Indenture, the Financing Agreement, the Tax Regulatory Agreement or the Credit Facility (as applicable) to the extent permitted under the applicable provisions thereof;

(ii) by pursuing any available remedies under the Financing Agreement, the Tax Regulatory Agreement, the Credit Facility or any other Bond Financing Document;

(iii) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder; and

(iv) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Holders of the Bonds and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Credit Facility Provider or the Bondholders hereunder or under the Financing Agreement, the Tax Regulatory Agreement, the Credit Facility, the Reimbursement Agreement or any other Bond Financing Document, as applicable, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Trustee, the Credit Facility Provider or the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

In all events the rights of the Trustee to exercise remedies under this Indenture upon the occurrence of an Event of Default shall be subject to the provisions of the Intercreditor Agreement.

Section 6.03. ***Rights of Bondholders.*** If an Event of Default under Section 6.01(b) hereof shall have occurred and is then continuing, and if requested in writing so to do by the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which there is a default, and if indemnified to its satisfaction, the Trustee shall exercise one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel or a committee of Responsible Officers, shall deem to be in the best interest of the affected Bondholders. If an Event of Default under Section 6.01(b) hereof shall have occurred and is then continuing, the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which an Event of Default has occurred shall have the right at any time, subject to the provisions of Section 6.08 hereof, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Indenture.

Section 6.04. ***Waiver by Issuer.*** Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Issuer nor anyone claiming

through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Indenture; and the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of the State and the United States.

Section 6.05. ***Application of Money After Default.*** All money (other than amounts drawn from the Credit Facility under Section 6.02 hereof) collected by the Trustee at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the General Account of the Revenue Fund. Such money so credited to the General Account of the Revenue Fund and all other money from time to time credited to the General Account of the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.05.

In the event that at any time the money credited to the Revenue Fund, the Bond Fund, the Redemption Fund, the Administration Fund and the Principal Reserve Fund available for the payment of interest or principal then due with respect to the Bonds shall be insufficient for such payment, such money (other than money held for the payment or redemption of particular Bonds as provided in Section 4.09 hereof and amounts drawn from the Credit Facility under Section 6.02 hereof) shall be applied as follows and in the following order of priority:

(a) For payment of all amounts due to the Trustee incurred in performance of its duties under this Indenture, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under this Indenture.

(b) So long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, for the payment to the Credit Facility Provider of all amounts then due and unpaid under the Reimbursement Agreement (including with respect to Freddie Mac all Freddie Mac Credit Enhancement Fees and Freddie Mac Reimbursement Amounts).

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

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

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of and premium, if any (which payment of premium shall not be restricted to Eligible Funds), on any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and, if the amount available is not sufficient to pay in full all the principal of and premium, if any, on the Bonds so due on any date, then to the

payment of principal ratably, according to the amounts due on such date, to the Persons entitled thereto, without any discrimination or preference, and then to the payment of any premium due on the Bonds, ratably, according to the amounts due on such date, to the Persons entitled thereto, without any discrimination or preference.

(d) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal of, premium, if any (which payment of premium shall not be restricted to Eligible Funds), and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal, premium and interest, to the Persons entitled thereto without any discrimination or preference except as to any differences in the respective rates of interest specified in the Bonds.

(e) If an Event of Default has occurred and is then continuing under Section 6.01(b) hereof, for the payment to the Credit Facility Provider of all amounts then due and unpaid under the Reimbursement Agreement to the date of such Event of Default.

Section 6.06. ***Rights of the Credit Facility Provider.*** If an Event of Default under Section 6.01(a) or (c) shall have occurred and so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, upon receipt of the written direction of the Credit Facility Provider (which direction may be given in the sole discretion of the Credit Facility Provider), the Trustee shall be obligated to exercise any right or power conferred by this Article in the manner set forth in such written direction of the Credit Facility Provider. If such written direction expressly states that the Trustee may exercise one or more of the rights and powers conferred in this Article as the Trustee shall deem to be in the interest of the Bondholders and the Credit Facility Provider, the Trustee, being advised by counsel or a committee of Responsible Officers, shall exercise one or more of such rights and powers as the Trustee, being advised by counsel, shall deem to be in the best interests of the Bondholders and the Credit Facility Provider; provided, however, that in any event, so long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, the Trustee may not undertake any action to realize, through sale or otherwise, upon the Bond Mortgage Loan without the express written direction of the Credit Facility Provider. So long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, in the case of an Event of Default under Section 6.01(a) or (c) hereof, the Credit Facility Provider shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Indenture.

Section 6.07. ***Remedies Vested in Trustee.*** All rights of action, including the right to file proof of claims, under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any

Holders of the Bonds, and any recovery or judgment shall be for the mutual benefit as provided herein of all of the Holders of the Outstanding Bonds.

Section 6.08. ***Remedies of Bondholders.*** No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) a default shall have occurred of which the Trustee shall have been notified as provided herein; (b) such default shall have become an Event of Default under Section 6.01(b) hereof; (c) the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding with respect to which there is such an Event of Default shall have made written request to the Trustee and shall have offered reasonable opportunity to the Trustee either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (d) such Holders shall have offered to the Trustee indemnity as provided in this Indenture; and (e) the Trustee shall within sixty (60) days thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture or the rights of any other Holders of Bonds or to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided with respect to the equal and ratable benefit of all Holders of Bonds with respect to which there is a default. Nothing contained in this Indenture shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on the Bonds issued hereunder to the respective holders thereof, at the time, in the place, from the sources and in the manner expressed herein and in said Bonds.

Section 6.09. ***Termination of Proceedings.*** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Trustee, the Credit Facility Provider, the Borrower and the Bondholders shall be restored to their former positions and rights hereunder with respect to the Trust Estate herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 6.10. ***Waivers of Events of Default.*** So long as no Event of Default has occurred and is then continuing under Section 6.01(b) hereof, the Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds only upon the written direction of the Credit Facility Provider. If there shall have occurred and is then continuing an Event of Default under Section 6.01(b) hereof, the Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the Holders of 100% of the Bonds then Outstanding with respect to which there is a default; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of any Bonds (other than Purchased Bonds) at the date of maturity specified therein, or upon proceedings for mandatory redemption or in the Purchase Price of any Bonds (other than Purchased Bonds), (b) any default in the payment when due of the interest or premium on any such Bonds (other than Purchased

Bonds), unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee, the Credit Facility Provider and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Section 6.11. ***Notice to Bondholders if Default Occurs.*** Upon the occurrence of an Event of Default, or if an event occurs which could lead to an Event of Default with the passage of time and of which the Trustee is required to take notice pursuant to Section 7.02(l) hereof, the Trustee shall, within thirty (30) days, give written notice thereof by first class mail to the registered Owners of all Bonds then Outstanding. Notwithstanding the foregoing, except in the case of an Event of Default with respect to the payment of principal of or premium, if any, and interest on the Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors of the Trustee, the executive committee, or a trust committee of directors or officers of the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds.

ARTICLE VII

CONCERNING THE TRUSTEE

Section 7.01. ***Standard of Care.*** The Trustee, prior to an Event of Default as defined in Section 6.01 and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person's own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its breach of trust, own negligence or willful misconduct, except that:

(a) prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee by the Person or Persons authorized to furnish the same;

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Trustee shall not be liable for any error of judgment made in good faith by an officer or employee of the Trustee except for willful misconduct or negligence by the officer or employee of the Trustee as the case may be; and

(ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Credit Facility Provider or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding (or such lesser or greater percentage as is specifically required or permitted by this Indenture) 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.

Section 7.02. ***Reliance Upon Documents.*** Except as otherwise provided in Section 7.01:

(a) the Trustee may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document of the proper party or parties, including any facsimile transmission as permitted hereunder or under the Financing Agreement;

(b) any notice, request, direction, election, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Issuer by an Authorized Officer of the Issuer (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the Issuer may be evidenced to the Trustee by a copy of such resolution duly certified by an Authorized Officer of the Issuer;

(c) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Borrower mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Borrower by any Authorized Officer of the Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of the Borrower may be evidenced to the Trustee by a copy of such resolution duly certified by a secretary or other authorized representative of the Borrower;

(d) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Servicer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Servicer by an Authorized Officer of the Servicer (unless other evidence in respect thereof be herein specifically prescribed);

(e) any notice, request, direction, election, order or demand of the Credit Facility Provider mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Credit Facility Provider by any Authorized Officer of the Credit Facility Provider (unless other evidence in respect thereof be herein specifically prescribed);

(f) any notice, request, direction, election, order or demand of the Remarketing Agent mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Remarketing Agent by any Authorized Officer of the Remarketing Agent (unless other evidence in respect thereof be herein specifically prescribed);

(g) any notice, request, direction, election, order or demand of the Tender Agent mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Tender Agent by any Authorized Officer of the Tender Agent (unless other evidence in respect thereof be herein specifically prescribed);

(h) in the administration of the trusts of this Indenture, the Trustee may execute any of the trusts or powers hereby granted directly or through its agents, receivers or attorneys, and the Trustee may consult with counsel (who may be counsel for the Issuer, the Servicer or the Credit Facility Provider) and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or permitted by it hereunder in good faith and in accordance with the opinion of such counsel;

(i) whenever in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of the Issuer or the Borrower and such certificate shall in the absence of bad faith on the part of the Trustee be full warrant to the Trustee for any action taken or permitted by it under the provisions of this Indenture, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable;

(j) the recitals herein and in the Bonds (except the Trustee's certificate of authentication thereon) shall be taken as the statements of the Issuer and the Borrower and shall not be considered as made by or imposing any obligation or liability upon the Trustee. 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 or the Borrower to the Trust Estate, or as to the security of this Indenture, or of the Bonds issued hereunder, and the Trustee shall incur no liability or responsibility in respect of any of such matters;

(k) the Trustee shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Trust Estate; and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 7.02(k);

(l) the Trustee shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements (except to the extent they obligate the Trustee) herein or in any contracts or securities assigned or conveyed to or pledged with the Trustee hereunder, except Events of Default that are evident under Section 6.01(a) or Section 6.01(b) hereof. The Trustee shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.01hereof (except defaults under Section 6.01(a) or Section 6.01(b) hereof) unless the Trustee shall receive from the Issuer, the Credit Facility Provider or the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice the Trustee may conclusively assume that there is not such default. Every provision contained in this Indenture or related instruments or in any such contract or security wherein the duty of the Trustee depends on the occurrence and continuance of such default shall be subject to the provisions of this Section 7.02(l);

(m) the Trustee shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, except to the extent such statement or reports are furnished by or under the direction of the Trustee, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by the Holder of any Bond or the Remarketing Agent; and

(n) the Trustee shall be under no obligation to exercise those rights or powers vested in it by this Indenture, other than such rights and powers which it shall be obliged to exercise in the ordinary course of its trusteeship under the terms and provisions of this Indenture and as required by law, at the request or direction of any of the Bondholders pursuant to Sections 6.03 and 6.08 of this Indenture, unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction.

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

The Trustee is authorized and directed to execute in its capacity as Trustee the Financing Agreement, the Tax Regulatory Agreement and the Intercreditor Agreement and shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

The Trustee or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed

instructions and/or directions shall be signed by such person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Any resolution, certification, notice, request, direction, election, order or demand delivered to the Trustee pursuant to this Section 7.02 shall remain in effect until the Trustee receives written notice to the contrary from the party that delivered such instrument accompanied by revised information for such party.

The Trustee shall have no responsibility for the value of any collateral or with respect to the perfection or priority of any security interest in any collateral except as otherwise provided in Section 7.17 hereof.

Section 7.03. ***Use of Proceeds.*** The Trustee shall not be accountable for the use or application of any of the Bonds authenticated or delivered hereunder or of the proceeds of the Bonds except as provided herein.

Section 7.04. ***Trustee May Hold Bonds.*** The Trustee and its officers and directors may acquire and hold, or become pledgees of Bonds and otherwise may deal with the Issuer and the Borrower in the same manner and to the same extent and with like effect as though it were not Trustee hereunder.

Section 7.05. ***Trust Imposed.*** All money received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received.

Section 7.06. ***Compensation of Trustee.*** The Trustee shall be entitled to its Ordinary Trustee's Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of the Trustee hereunder or under any Bond Financing Document to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. The Trustee shall be entitled to Extraordinary Trustee's Fees and Expenses in connection with any Extraordinary Services performed consistent with the duties hereunder or under any of the Bond Financing Documents; provided the Trustee shall not incur any Extraordinary Trustee's Fees and Expenses without the consent of the Credit Facility Provider (except that no consent shall be required if an Event of Default under 6.01(b) has occurred and is continuing). If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to the Trustee for its services and reimbursement to the Trustee for its expenses, disbursements, liabilities and advances, shall be limited to the sources described in Section 4.06, 4.11 and 6.05 hereof and in the Financing Agreement. Remarketing proceeds and proceeds of draws on the Credit Facility shall not be used to pay or reimburse the Trustee for any such amounts. The Issuer shall have no liability for Trustee's fees, costs or expenses. Subject to the provisions of Section 7.09 hereof, the Trustee

agrees that it shall continue to perform its duties hereunder (including, but not limited to, its duties as Paying Agent and Bond Registrar) and under the Bond Financing Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that the Borrower fails to pay the Ordinary Trustee's Fees and Expenses or, if applicable, the Extraordinary Trustee's Fees and Expenses as required by the Financing Agreement.

The Borrower shall indemnify and hold harmless the Trustee and its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants and servants, past, present or future, from and against (a) any and all claims by or on behalf of any person arising from any cause whatsoever in connection with this Indenture or transactions contemplated thereby, the Project, or the issuance, offering, sale or remarketing of the Bonds; (b) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project, or the issuance, offering, sale or remarketing of the Bonds; and (c) all costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon; except that the Borrower shall not be required to indemnify any person for damages caused by the gross negligence, willful misconduct or unlawful acts of such person or which arise from events occurring after the Borrower ceases to own the Project. In the event that any action or proceeding is brought or claim made against the Trustee, or any of its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel. The provisions of this Section shall survive the termination of this Indenture.

Section 7.07. ***Qualifications of Trustee.*** There shall at all times be a Trustee hereunder which shall be an association or a corporation organized and doing business under the laws of the United States or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Trustee shall have a combined capital and surplus of at least $50,000,000 (or shall be a wholly-owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 7.09. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.09.

Section 7.08. ***Merger of Trustee.*** Any association or corporation into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any

association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, ipso facto, be and become successor Trustee hereunder and vested with all the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Trustee in respect of the beneficial interest of the Trustee in the Bond Mortgage Loan.

Section 7.09. ***Resignation by the Trustee.*** The Trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer, the Borrower, the Tender Agent, the Remarketing Agent and the Credit Facility Provider, and by giving notice by certified mail or overnight delivery service to each Holder of the Bonds then Outstanding. Such notice to the Issuer, the Borrower, the Tender Agent, the Remarketing Agent and the Credit Facility Provider may be served personally or sent by certified mail or overnight delivery service. The resignation of the Trustee shall not be effective until a successor Trustee has been appointed as provided herein and such successor Trustee shall have agreed in writing to be bound by the duties and obligations of the Trustee hereunder and under the Intercreditor Agreement.

Section 7.10. ***Removal of the Trustee.*** The Trustee may be removed at any time, either with or without cause, with the consent of the Credit Facility Provider (which consent of the Credit Facility Provider shall not be unreasonably withheld), by a written instrument signed by the Issuer and delivered to the Trustee, the Borrower, the Tender Agent and the Remarketing Agent, and if an Event of Default shall have occurred and be continuing, other than an Event of Default under Section 6.01(b), by a written instrument signed by the Credit Facility Provider and delivered to the Trustee, the Issuer, the Borrower, the Tender Agent and the Remarketing Agent. The Trustee may also be removed, if an Event of Default under Section 6.01(b) shall have occurred and be continuing, by a written instrument or concurrent instruments signed by the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding and delivered to the Trustee, the Issuer, the Borrower, the Tender Agent, the Remarketing Agent and the Credit Facility Provider. The Trustee may also be removed by the Credit Facility Provider following notice to the Issuer and after a thirty (30) day period during which the Issuer may attempt to cause the Trustee to discharge its duties in a manner acceptable to Credit Facility Provider, and in each case written notice of such removal shall be given to the Servicer, the Borrower, the Remarketing Agent and to each registered Owner of Bonds then Outstanding as shown on the Bond Registrar. Any such removal shall take effect on the day specified in such written instrument(s), but the Trustee shall not be discharged from the trusts hereby created until a successor Trustee has been appointed and has accepted such appointment and has agreed in writing to be bound by the duties and obligations of the Trustee hereunder and under the Intercreditor Agreement.

Section 7.11. ***Appointment of Successor Trustee.***

(a) In case at any time the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the

Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee hereunder, and the Issuer, with the written consent of the Credit Facility Provider, shall promptly appoint a successor Trustee and give notice of such appointment to the Remarketing Agent. Any such appointment shall be made by a written instrument executed by an Authorized Officer of the Issuer.

(b) If, in a proper case, no appointment of a successor Trustee shall be made pursuant to subsection (a) of this Section 7.11 within sixty (60) days following delivery of all required notices of resignation given pursuant to Section 7.09 or of removal of the Trustee pursuant to Section 7.10, the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Section 7.12. ***Concerning Any Successor Trustee.*** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer a written instrument accepting such appointment hereunder, accepting assignment of the beneficial interest in the Bond Mortgage, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Trust Estate and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, the Borrower or the Credit Facility Provider, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Trustee all the Trust Estate and the rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities, including, but not limited to, the existing Credit Facility, and money held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by a successor Trustee for more fully and certainly vesting in such successor the Trust Estate and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture shall have been filed and/or recorded. Each successor Trustee shall mail notice by first class mail, postage prepaid, at least once within 30 days of such appointment, to the Owners of all Bonds Outstanding at their addresses on the Bond Register.

Section 7.13. ***Successor Trustee as Trustee, Paying Agent and Bond Registrar.*** In the event of a change in the office of Trustee, the predecessor Trustee which shall have resigned or shall have been removed shall cease to be trustee and paying agent on the Bonds and Bond Registrar, and the successor Trustee shall become such Trustee, Paying Agent and Bond Registrar.

Section 7.14. ***Appointment of Co-Trustee or Separate Trustee.*** It is the intent of the Issuer and the Trustee that there shall be no violation of any law 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 or connected with this Indenture, the Financing Agreement or any of the other

Bond Financing Document, and, in particular, in case of the enforcement of any remedies 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 or therein granted to the Trustee or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee, with the consent of the Issuer, appoint an additional individual or institution as a co-trustee or separate trustee.

In the event that the Trustee appoints an additional individual or institution as a co-trustee or separate trustee, in the event of the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to the Trustee herein or to hold title to the Trust Estate or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be imposed upon, exercised by or vested in or conveyed to the Trustee with respect thereto shall be imposed upon, exercisable by and vest in such separate trustee or co-trustee, but only to the extent necessary to enable such co-trustee or separate trustee to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-trustee or separate trustee shall run to and be enforceable by either of them, subject to the remaining provisions of this Section. Such co-trustee or separate trustee shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Issuer and the Trustee.

Should any instrument in writing from the Issuer be required by the co-trustee or separate trustee so 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, be executed, acknowledged and delivered by the Issuer, the Trustee and the Borrower. If the Issuer shall fail to deliver the same with thirty (30) days of such request, the Trustee is hereby appointed attorney-in-fact for the Issuer to execute, acknowledge and deliver such instruments in the Issuer's name and stead. In case any co-trustee or separate 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 co-trustee or separate trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Trustee;

(b) all rights, powers, trusts, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon or exercised or performed by the Trustee, or by the Trustee and such co-trustee, or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under the law of any

jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or separate trustee;

(c) any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-trustee or separate trustee;

(d) any co-trustee or separate trustee to the extent permitted by law shall delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(e) the Trustee at any time by an instrument in writing with the concurrence of the Issuer evidenced by a certified resolution may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section and in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of or remove any such co-trustee or separate trustee without the concurrence of the Issuer, and upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section;

(f) no Trustee or co-trustee hereunder shall be personally liable by reason of any act or omission of any other Trustee hereunder;

(g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Bondholders and delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee; and

(h) any money, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

The total compensation of the Trustee and co-trustee or separate trustee shall be as, and may not exceed the amount, provided in Section 7.06 hereof.

Section 7.15. ***Notice of Certain Events.*** The Trustee shall give written notice to the Issuer, the Servicer and the Credit Facility Provider of any failure by the Borrower to comply with the terms of the Tax Regulatory Agreement or any Market Risk Event of which a Responsible Officer has actual knowledge.

Section 7.16. ***Record of Freddie Mac Credit Enhancement Payments and Freddie Mac Reimbursement Amounts.*** The Trustee shall maintain records of all Freddie Mac Credit Enhancement Payments received by it from Freddie Mac under the Credit Enhancement Agreement and of all Freddie Mac Reimbursement Amounts paid by the Trustee to Freddie Mac or known by the Trustee to be due to Freddie Mac but unpaid from time to time. The Trustee hereby agrees, upon receipt of a written request from Freddie Mac, to cooperate with Freddie Mac and the Servicer in connection with the reconciliation of the Trustee's records maintained pursuant to this Section 7.16 and any similar records maintained by Freddie Mac or the Servicer.

Section 7.17. ***Filing of Financing Statements.*** The Trustee shall, at the expense of the Borrower, file or record or cause to be filed or recorded all UCC continuation statements for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Delivery Date in connection with the security for the Bonds pursuant to the authority of the UCC. Upon the filing of any such continuation statement the Trustee shall immediately notify the Issuer, the Borrower, the Credit Facility Provider and the Servicer that the same has been done. If direction is given by the Servicer or the Credit Facility Provider, the Trustee shall file all continuation statements in accordance with such directions.

ARTICLE VIII

SUPPLEMENTAL INDENTURES AND AMENDMENTS OF CERTAIN DOCUMENTS

Section 8.01. ***Supplemental Indentures Not Requiring Consent of Bondholders.*** The Issuer and the Trustee may from time to time and at any time, without the consent of, or notice to, any of the Bondholders, but with the prior written consent of the Credit Facility Provider, enter into an indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

(a) to cure any formal defect, omission, inconsistency or ambiguity herein in a manner not materially adverse to the Holder of any Bond to be Outstanding after the effective date of the change;

(b) to grant to or confer upon the Trustee for the benefit of the Holders of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted or conferred and that are not contrary to or inconsistent with this Indenture or the rights of the Trustee hereunder as theretofore in effect;

(c) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under any state blue sky laws;

(e) to make such additions, deletions or modifications as may be, in the opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Facility Provider, necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(f) to modify, amend or supplement this Indenture as required by the Rating Agency to obtain or maintain a rating or ratings for the Bonds, except no change may be made that will materially adversely affect the interests of the Holders of the Bonds to be Outstanding after the effective date of the change;

(g) during a Variable Period, to modify, amend or supplement this Indenture in any other respect, including amendments which would otherwise be described in Section 8.02 hereof, (i) if notice of the proposed supplemental indenture is given to Bondholders (in the same manner as notices of redemption are given) at least twenty (20) days before the effective date thereof and, on or before such effective date, the Bondholders have the right to demand purchase of their Bonds pursuant to Section 10.01 hereof or (ii) if such amendments will take effect on a mandatory tender date following the purchase of all of the Bonds;

(h) to modify, alter, amend or supplement this Indenture in connection with the delivery of any Alternate Credit Facility or upon the occurrence of any Reset Adjustment Date, Variable Rate Adjustment Date or Fixed Rate Adjustment Date;

(i) to implement or modify any secondary market disclosure requirements; and

(j) to modify, amend or supplement this Indenture in any other respect which is not materially adverse to the Holders of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in Section 8.02.

Section 8.02. ***Supplemental Indentures Requiring Consent of Bondholders.*** With the prior written consent of the Credit Facility Provider, the Holders of more than 51% of the aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting, (a) an extension of the time for payment of or reduction in the Purchase Price, or an extension of the time for payment of, or an extension of the stated maturity or reduction in the principal amount or reduction in the rate of interest on or extension of the time of payment, of interest on, or reduction of any premium payable on the redemption of, any Bonds, or a reduction in the Borrower's obligation on the Bond Mortgage Note, without the consent of the Holders of all of the Bonds then Outstanding, (b) the creation of any lien prior to or on a parity with the lien of this Indenture, (c) a reduction in the aforesaid percentage of the principal amount of Bonds which is required in connection with the giving of consent to any such supplemental indenture, without the consent of the Holders of all of the Bonds then Outstanding, (d) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, (e) a privilege or priority of any Bond over any other Bonds, (f) any action that results in the interest on the Bonds becoming included in gross income for federal income tax purposes or (g) the modification of the rights, duties or immunities of the Remarketing Agent, without the written consent of the Remarketing Agent.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed, postage prepaid, to all registered Bondholders and to the Credit Facility Provider. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Bondholders.

Thirty (30) days after the date of the mailing of such notice, the Issuer and the Trustee may enter into such supplemental indenture substantially in the form described in such notice, but only if there shall have first been or is simultaneously delivered to the Trustee the required consents, in writing, of the Credit Facility Provider and the Holders of not less than the percentage of Bonds required by this Section. If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution and delivery of a supplemental indenture as provided herein, no Holder of any Bond shall have any right 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. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental indenture has been effected in compliance with the provisions of this Article

Anything in this Article VIII to the contrary notwithstanding, unless the Borrower shall then be in default of any of its obligations under the Financing Agreement, the Reimbursement Agreement, the Tax Regulatory Agreement, the Bond Mortgage Note, the Bond Mortgage or the Reimbursement Mortgage, a supplemental indenture under this Article which affects any rights of the Borrower shall not become effective unless and until the Borrower shall have expressly consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture to be mailed by certified or registered mail to the Borrower or the Borrower's attorney at least fifteen (15) days prior to the proposed date of execution and delivery of any supplemental indenture.

Notwithstanding any other provision of this Indenture, the Issuer and the Trustee may consent to any supplemental indenture upon receipt of the consent of the Credit Facility Provider, the Holders of all Bonds then Outstanding and, as applicable, the Borrower.

Section 8.03. ***Amendments to Financing Agreement Not Requiring Consent of Bondholders.*** The Trustee shall, without the consent of, or notice to, the Bondholders, but with the consent of the Borrower and the Credit Facility Provider, consent to any amendment, change or modification of the Financing Agreement as follows:

(a) as may be required by the provisions of the Credit Facility, the Financing Agreement or this Indenture;

(b) to cure any formal defect, omission, inconsistency or ambiguity in the Financing Agreement in a manner not materially adverse to the Holder of any Bond to be Outstanding after the effective date of the change;

(c) to make such additions, deletions or modifications as may be necessary, in the opinion of Bond Counsel delivered to the Issuer, the Trustee and the Credit Facility Provider, to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(d) to modify, amend or supplement the Financing Agreement as required by the Rating Agency to obtain or maintain a rating or ratings for the Bonds, except no change may be made that will materially adversely affect the interests of the Holders of the Bonds to be Outstanding after the effective date of the change;

(e) during a Variable Period, to modify, amend or supplement the Financing Agreement in any other respect, including amendments which would otherwise be described in Section 8.04 hereof, (A) if notice of the proposed amendments is given to Bondholders (in the same manner as notices of redemption are given) at least twenty (20) days before the effective date thereof and, on or before such effective date, the Bondholders have the right to demand purchase of their Bonds pursuant to Section 10.01 hereof or (B) if such amendments will take effect on a mandatory tender date following the purchase of all of the Bonds;

(f) to modify, alter, amend or supplement the Financing Agreement in connection with the delivery of an Alternate Credit Facility or upon the occurrence of any Reset Adjustment Date, Variable Rate Adjustment Date or Fixed Rate Adjustment Date; or

(g) to modify, amend or supplement the Financing Agreement in any other respect which is not materially adverse to the Trustee or Holders of the Bonds to be Outstanding after the effective date of the change and which does not involve a change described in Section 8.04.

Section 8.04. ***Amendments to Financing Agreement Requiring Consent of Bondholders.*** Except for the amendments, changes or modifications of the Financing Agreement as provided in Section 8.03 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Financing Agreement without the consent of the Credit Facility Provider and the Borrower and without the giving of notice and the written approval or consent of the Holders of at least 51% of the aggregate principal amount of the Bonds then Outstanding given and procured in accordance with the procedure set forth in Section 8.02 hereof; provided, however, that nothing contained in this Section 8.04 shall permit, or be construed as permitting, any amendment, change or modification of the Borrower's obligation to make the payments required under the Financing Agreement without the consent of the Holders of all of the Bonds then Outstanding. If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of the Financing Agreement, the Trustee shall cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 8.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by Bondholders.

Section 8.05. ***Amendments to the Credit Facility.*** The Trustee may, without the consent of, or notice to, any of the Bondholders enter into any amendment, change or modification of the Credit Facility (a) as may be required by the provisions of the Credit Facility, (b) to cure any formal defect, omission, inconsistency or ambiguity in the Credit Facility, (c) in a manner which is not prejudicial to the interests of the Bondholders as determined by the Trustee being advised by counsel, a committee of Responsible Officers or by a written confirmation from the Rating Agency of the then existing rating on the Bonds, or (d) as required by the Rating Agency to maintain the then current rating on the Bonds.

Section 8.06. ***Opinion of Bond Counsel Required.*** No supplement or amendment to the Financing Agreement or this Indenture, as described in this Article VIII, shall be effective until the Issuer, the Trustee and the Credit Facility Provider shall have received an opinion of Bond Counsel to the effect that such supplement or amendment is authorized or permitted by this Indenture and, upon execution and delivery thereof, will be valid and binding upon the Issuer in accordance with its terms and will not cause interest on the Bonds to be includable in gross income of the Holders thereof for federal income tax purposes. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (i) any proposed supplemental indenture or amendment permitted by this Article VIII complies with the provisions of this Indenture, (ii) it is proper for the Trustee to join in the execution of that supplemental indenture or amendment under the provisions of this Article VIII, and (iii) if applicable, such proposed supplemental indenture or amendment is not materially adverse to the interests of the Bondholders.

ARTICLE IX

SATISFACTION AND DISCHARGE OF INDENTURE

Section 9.01. ***Discharge of Lien.*** If the Issuer shall pay or cause to be paid to the Holders of the Bonds the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, in any one or more of the following ways:

(a) by the payment of the principal of (including redemption premium, if any) and interest on all Bonds outstanding; or

(b) by (i) the deposit or credit to the account of the Trustee, in trust, of money or securities in the necessary amount (as provided in Section 9.04) to pay the principal, redemption price or Purchase Price and interest to the date established for purchase or redemption (calculated at the Maximum Rate to the extent the Bonds then bear interest at a Variable Rate for any period for which the Variable Rate on such Bonds has not yet been established pursuant to Section 2.02 hereof) whether by redemption, purchase or otherwise, (ii) if the Bonds then bear interest at the Variable Rate, the delivery to the Trustee of a written confirmation by the Rating Agency of the rating then existing on the Bonds as of the date of such deposit or credit; and (iii) receipt by the Issuer and the Trustee of an opinion of Bond Counsel to the effect that such deposit will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; or

(c) by the delivery to the Trustee, for cancellation by it, of all Bonds Outstanding;

and shall have paid all amounts due and owing to the Credit Facility Provider hereunder and under the Credit Facility and the Reimbursement Agreement, including but not limited to the Freddie Mac Reimbursement Amount and the Freddie Mac Credit Enhancement Fee, and shall have paid all fees and expenses of and any other amounts due to the Trustee, the Servicer, the Tender Agent, the Remarketing Agent and each Paying Agent, and if the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this

Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the estates and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Issuer the estate hereby conveyed, and assign and deliver to the Issuer any interest in property at the time subject to the lien of this Indenture which may then be in its possession, except amounts held by the Trustee for the payment of principal of, interest and premium, if any, on the Bonds, the payment of any amounts owed to the United States pursuant to Section 4.12 or the payment of any amounts payable to the Credit Facility Provider.

Any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if, under circumstances which do not cause interest on the Bonds to become includable in the Holders' gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) in case such Bond is to be redeemed on any date prior to its maturity, the Trustee shall have given to the Bondholder irrevocable notice of redemption of such Bond on said date; (b) there shall be on deposit with the Trustee, pursuant to Section 9.04 hereof, either money or direct obligations of the United States of America in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal or redemption price, if applicable, and interest due and to become due on such Bond on the redemption date or maturity date thereof, as the case may be; (c) in the case of Bonds which do not mature or will not be redeemed within 60 days of such deposit, the Trustee shall have received a verification report of a firm of certified public accountants reasonably acceptable to the Trustee as to the adequacy of the amounts so deposited to fully pay the Bonds deemed to be paid; and (d) the Trustee shall have received an opinion of nationally recognized bankruptcy counsel, if required by subpart (e) of the definition of "Eligible Funds" herein, to the effect that such money constitutes Eligible Funds.

The Trustee shall in no event cause the Bonds to be optionally redeemed from money deposited pursuant to this Article IX unless the requirements of Article III have been met with respect to such redemption, including the requirements of Section 3.01(a)(iii) or (iv) hereof.

Section 9.02. ***Discharge of Liability on Bonds.*** Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.01) to pay or redeem Outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds) provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article III provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Issuer in respect of such Bonds shall cease, terminate and be completely discharged, except only that thereafter the holders thereof shall be entitled to payment by the Issuer, and the Issuer shall remain liable for such payment, but only out of the money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 9.03.

Section 9.03. ***Payment of Bonds After Discharge of Indenture.*** Notwithstanding any provisions of this Indenture, and subject to applicable unclaimed property laws of the State, any money deposited with the Trustee or any paying agent in trust for the payment of the principal

of, interest or premium on the Bonds remaining unclaimed for [_____] years after the payment thereof: [(a) shall be reported and disposed of by the Trustee in accordance with applicable unclaimed property laws; or (b)] to the extent permitted by applicable law, shall be paid to [the Issuer][the Borrower][other disposition], whereupon all liability of the Issuer and the Trustee with respect to such money shall cease, and the holders of the Bonds shall thereafter look solely to the Borrower for payment of any amounts then due. [All money held by the Trustee and subject to this Section shall be held uninvested and without liability for interest thereon.]

Section 9.04. ***Deposit of Money or Securities with Trustee.*** Whenever in this Indenture it is provided or permitted that there be deposited with or credited to the account of or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held shall be Eligible Funds (or Government Obligations purchased with Eligible Funds) consisting of:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which there shall have been furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such notice, the amount so to be deposited or held shall be the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any; or

(b) noncallable and nonprepayable direct obligations of the United States of America or noncallable and nonprepayable obligations which as to principal and interest constitute full faith and credit obligations of the United States of America, in such amounts and maturing at such times that the proceeds of said obligations received upon their respective maturities and interest payment dates, without further reinvestment, will provide funds sufficient, in the opinion of a nationally recognized firm of certified public accountants, to pay the principal, premium, if any, and interest to maturity, or to the redemption date, as the case may be, with respect to all of the Bonds to be paid or redeemed, as such principal, premium and interest become due; provided that the Trustee shall have been irrevocably instructed by the Issuer to apply the proceeds of said obligations to the payment of said principal, premium, if any, and interest with respect to such Bonds.

ARTICLE X

REMARKETING AND PURCHASE OF BONDS

Section 10.01. ***Demand for and Mandatory Purchase of Bonds.*** Any Bonds (other than Purchased Bonds), or any units of principal amount thereof in Authorized Denominations, shall be purchased from the proceeds of remarketing thereof as described in Section 10.03 or from the sources prescribed in Section 10.04 hereof, (a) on demand of the owner of such Bond (or, so long as Bonds are in "book-entry only" form pursuant to Section 2.12, demand of a DTC Participant, as defined in Section 2.12 hereof, with respect to such Bonds) on any Business Day during a Variable Period which is an Optional Tender Date (as defined below), or (b) upon being tendered or deemed tendered pursuant to Section 10.02 hereof, on any Reset Adjustment Date, Variable Rate Adjustment Date, the Fixed Rate Adjustment Date and any Substitution Date (even if such

Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date or Substitution Date for which notice has been given by the Trustee to the Bondholders fails to occur). Bonds shall be purchased for a Purchase Price equal to the principal amount thereof, or of any units thereof purchased in Authorized Denominations, plus interest accrued thereon, if any, to the Settlement Date. Bonds shall be purchased upon (i) in the case of a purchase upon the demand of an owner or DTC Participant, delivery to the Tender Agent, with a copy to the Trustee and the Remarketing Agent, of a written notice in the form set forth as ***Exhibit B*** hereto (a "Tender Notice") which states (A) the principal amount of such Bond for which payment is demanded, (B) that such demand is irrevocable and (C) the date on which such Bond or units of principal amount thereof in Authorized Denominations shall be purchased pursuant to this Section 10.01, which date shall be a Business Day not prior to the seventh (7th) day next succeeding the date of the receipt of the Tender Notice by the Tender Agent (an "Optional Tender Date"); and (ii) in all cases, delivery of such Bond (with an appropriate transfer of registration form executed in blank and in form satisfactory to the Tender Agent) to the Tender Agent, at or prior to 9.30 a.m., Washington, D.C. time, on the Settlement Date. In the event that a depository is appointed pursuant to Section 2.12 hereof and a "book-entry only" system is in effect with respect to the Bonds, delivery of Bonds for purchase on the Settlement Date shall be effected in the manner set forth by such depository.

Bonds not delivered to the Tender Agent on or prior to 9:30 a.m., Washington, D.C. time, on the Settlement Date shall be deemed tendered and purchased for all purposes of this Indenture and interest shall cease to accrue on such Bonds on the related Settlement Date.

Payment of the Purchase Price of any Bond shall be made on the Settlement Date by check or by wire transfer (if requested in writing by the Bondholder) or as designated in the Tender Notice with respect to such Bond, but only upon delivery and surrender of such Bond to the Tender Agent.

If the Trustee shall have received the items required by Section 2.02 or Section 2.13, as the case may be, the Trustee shall (a) not later than the fifteenth (15th) day before any such Reset Adjustment Date, Variable Rate Adjustment Date, the Fixed Rate Adjustment Date or Substitution Date (or, if such day is not a Business Day, then on the next succeeding Business Day), notify the Tender Agent by telephone, promptly confirmed in writing, with a copy to the Remarketing Agent and (b) not later than the ninth (9th) day before any such Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date or Substitution Date, notify the Bondholders by first class mail, that all Outstanding Bonds (other than Purchased Bonds) shall be subject to mandatory tender and if not so tendered, shall be deemed to have been tendered for purchase on each such Reset Adjustment Date as provided in Section 2.02(c), Variable Rate Adjustment Date as provided in Section 2.02(b), Fixed Rate Adjustment Date as provided in Section 2.02(d) or the Substitution Date as provided in Section 2.13, at the Purchase Price. Such notices from the Trustee shall be treated as a Tender Notice for all purposes of this Indenture, including this Section and Article X hereof.

If all of the Bonds shall have been called for redemption during any Variable Period, the Bonds may continue to be remarketed until the redemption date, provided the purchasers of such Bonds are given notice of the call for redemption prior to purchase of any Bonds.

Anything herein to the contrary notwithstanding, no Bonds shall be purchased pursuant to this Section or remarketed pursuant to Section 10.03 if an Event of Default hereunder (other than an Event of Default under Section 6.01(c) hereof) shall have occurred and be continuing and would not be cured as a result of such tender and remarketing of the Bonds or following a declaration of acceleration of the Bonds; nor shall any Bond be purchased pursuant to this Section if such Bond is registered in the name of the Issuer, the Borrower or the Credit Facility Provider, or known by the Trustee (the Trustee shall have no duty to inquire as to any such nominees) to be registered in the name of any general partner, member or guarantor of the Borrower or any nominee of the Issuer, the Borrower, the Credit Facility Provider, or any such general partner, member or guarantor of the Borrower unless the Credit Facility will be in full force and effect after such purchase with respect to such Bonds after such purchase.

Section 10.02. ***Mandatory Tender of Bonds.***

(a) Holders of Bonds shall be required to tender their Bonds to the Tender Agent on:

(i) any Reset Adjustment Date, Variable Rate Adjustment Date, or the Fixed Rate Adjustment Date in accordance with the provisions of Section 2.02; and

(ii) any Substitution Date in accordance with and subject to the provisions of Section 2.13.

(b) Any Bond required to be tendered on a Reset Adjustment Date, a Variable Rate Adjustment Date, the Fixed Rate Adjustment Date or a Substitution Date which is not tendered as of such date shall be deemed to have been tendered to the Tender Agent on such date and shall thereafter cease to bear interest and no longer be considered to be Outstanding hereunder.

Section 10.03. ***Remarketing of Bonds.*** Upon the receipt by the Remarketing Agent of any notice from the Tender Agent that any Bondholder (or DTC Participant, with respect to any Bonds in "book-entry only" form) has delivered a Tender Notice pursuant to Section 10.01 hereof, or upon receipt of any notice from the Trustee of Bonds deemed to have been tendered in accordance with the provisions of Section 2.02(c), 2.02(d) or 2.13, the Remarketing Agent shall offer for sale and use its best efforts to market the Bonds referred to in such Tender Notice or such notice from the Trustee (which shall be deemed to be a Tender Notice as provided in Section 10.01) at a price of par plus accrued interest to the Settlement Date, in accordance with the Remarketing Agreement; provided, however, that the Remarketing Agent shall not knowingly offer for sale or sell such Bonds to the Issuer, the Borrower or any general partner, member or any guarantor of the Borrower. The Remarketing Agent has no obligation to remarket Bonds registered in the name of the Borrower, the Credit Facility Provider or any general partner, member or guarantor of the Borrower unless the Credit Facility shall be in full force and effect after such remarketing. On the Business Day immediately prior to each Settlement Date (each, a "Remarketing Date"), the Remarketing Agent shall give telephonic notice, promptly confirmed in writing and transmitted by facsimile or Electronic Notice, to the Trustee, the Tender Agent, the Borrower and the Credit Facility Provider by 11:00 a.m., Washington, D.C. time, stating the principal amount of tendered Bonds that have been remarketed successfully, specifying the names, addresses, and taxpayer identification numbers of the purchasers of, and the principal amount and denominations of, such Bonds, if any, for which

it has found purchasers as of such Remarketing Date, and the Purchase Price at which the Bonds are to be sold (which shall be par plus accrued interest to the Settlement Date). The Remarketing Agent shall instruct such purchasers to deliver to the Tender Agent, no later than 9:30 a.m., Washington, D.C. time, on the Settlement Date, in immediately available funds, the remarketing proceeds to the extent the Bonds have been successfully remarketed. Upon receipt by the Tender Agent of such amount from such purchasers, the Tender Agent, as co-authenticating agent, shall transfer the registered ownership of the Bonds to the respective new purchasers and deliver such Bonds to such purchasers upon deposit of the Purchase Price with the Tender Agent. The Tender Agent shall hold all Bonds delivered to it in trust for the benefit of the respective Bondholders which shall have so delivered such Bonds until money representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Bondholders. The Tender Agent shall remit the Purchase Price of such Bonds to the tendering Bondholder or Bondholders entitled to the same as provided in Section 10.01. In the event that any purchaser which shall have been identified by the Remarketing Agent to the Trustee and the Tender Agent shall fail to pay the Purchase Price for any Bonds prior to 10:00 a.m., Washington, D.C. time, on the Settlement Date, the Tender Agent shall not be obligated to accept such amount after such time. The Tender Agent will immediately notify by telephone the Trustee, the Credit Facility Provider, the Borrower and the Remarketing Agent of any such failure to receive the Purchase Price for such Bonds. On the Settlement Date, the Tender Agent shall notify by telephone the Trustee, the Credit Facility Provider, the Borrower and the Remarketing Agent of the amount of funds held by the Tender Agent as of 10:00 a.m., Washington, D.C. time, on such date constituting the Purchase Price of the Bonds remarketed by the Remarketing Agent, promptly confirmed in writing and transmitted by facsimile. The Tender Agent shall hold all money delivered to it for the purchase of Bonds (including any remarketing proceeds or proceeds of draws on the Credit Facility) in trust in a non-commingled account to be known as the "Bond Purchase Fund" for the benefit of the Person or entity which shall have so delivered such money until the Bonds purchased with such money shall have been delivered to or for the account of such Person. Such money shall be held uninvested except as directed in writing by the Credit Facility Provider and then only in Qualified Investments of the type described in clauses (a) and (b) of the definition thereof, provided that such Qualified Investments shall mature within the earlier of 30 days or as needed. The Issuer and the Borrower shall not have any right, title or interest in such money.

Except with respect to Bonds to be held under the terms of the Pledge Agreement and any Bonds purchased in lieu of redemption or acceleration pursuant to the provisions hereof, the Issuer, the Borrower or any general partner, member or any guarantor of the Borrower may not purchase any Bonds, from the Remarketing Agent or otherwise.

Section 10.04. ***Purchase of Bonds Not Remarketed.*** In the event that either the Tender Agent shall not have received notice of successful remarketing of tendered Bonds by the day which is one (1) Business Day prior to the Settlement Date, or the proceeds of remarketing of any tendered Bond have not been received by the Tender Agent on or prior to 10:00 a.m., Washington, D.C. time on the Settlement Date, the Trustee shall, within the time required by the terms of the Credit Facility, draw on the then existing Credit Facility (and in the case of a tender on a Substitution Date, shall draw on the Credit Facility being replaced) in an amount sufficient to enable the Tender Agent to pay the Purchase Price of each such Bond when due. On each Settlement Date, the Trustee shall pay or cause to be paid to the Tender Agent the Purchase Price

of any Bonds tendered pursuant to, and in accordance with, Section 10.01 or Section 10.02 and which have not been remarketed pursuant to Section 10.03 hereof, but only from (i) money obtained by the Trustee pursuant to the Credit Facility then in effect to enable the Trustee to pay the Purchase Price of such tendered Bonds, which amounts shall be transferred by the Trustee to the Tender Agent at or before 3:00 p.m., Washington, D.C. time, on the Settlement Date; and (ii) Eligible Funds from the Borrower to the extent that money obtained pursuant to (i) above are insufficient on any date to pay the Purchase Price of tendered Bonds.

Upon receipt of such Purchase Price and upon receipt of the Bonds tendered for purchase pursuant to Section 10.01 or Section 10.02 hereof, the Tender Agent shall pay such Purchase Price to the registered Owners thereof; provided, that if the Purchase Price was theretofore paid from the proceeds of a draw on the Credit Facility, the Tender Agent shall pay such amount to the Credit Facility Provider. Any amounts drawn under the Credit Facility to purchase Bonds shall be used solely for such purpose. Any Bonds so purchased with amounts drawn under the Credit Facility by the Trustee shall be purchased for the account of the Borrower and registered as provided in the Pledge Agreement. Amounts drawn under the Credit Facility which are not used to purchase Bonds pursuant to this Section 10.04 shall be remitted by the Trustee or the Tender Agent to the Credit Facility Provider promptly upon payment of the Purchase Price of the Bonds.

Section 10.05. ***Remarketing Agent.*** The Issuer, with the approval of the Credit Facility Provider and the Borrower (which approval shall not be unreasonably withheld or delayed), shall appoint a Remarketing Agent for the Bonds, subject to the conditions set forth in this Section 10.05. The Remarketing Agent initially appointed hereunder is Merchant Capital, L.L.C. The Remarketing Agent shall designate to the Trustee the Principal Office of the Remarketing Agent and signify its acceptance of the duties and obligations imposed upon it hereunder by execution of the Remarketing Agreement. The Remarketing Agent shall, and shall agree in the Remarketing Agreement to, do each of the following:

(a) act as agent for the Issuer in determining the interest rates to be borne by the Bonds and act as agent for Bondholders in receiving and holding money to pay the Purchase Price thereof;

(b) use its best efforts to remarket Bonds tendered for purchase (including Purchased Bonds) except in the circumstances described in the last paragraph of Section 10.01 and in the Remarketing Agreement;

(c) notify the Issuer, the Trustee, the Credit Facility Provider, the Servicer, the Borrower and the Tender Agent of the Variable Rate determined in accordance with Section 2.02(b), the Reset Rate determined in accordance with Section 2.02(c) and the Fixed Rate determined in accordance with Section 2.02(d), on the Variable Interest Computation Date or other date required for such determination, each such notification to be in writing or by Electronic Notice, telex or telecopier or other communication device which produces a written record thereof, or by telephone confirmed within one Business Day by any such written communication; and upon request by the Issuer, submit copies of any such notices to the Issuer;

(d) hold all money delivered to it hereunder for the purchase of Bonds in trust for the benefit of the Person which shall have so delivered such money until the Bonds purchased with such money shall have been delivered to the Tender Agent, and not commingle such money with other funds of the Remarketing Agent;

(e) keep such books and records with regard to the remarketing of the Bonds as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer, the Trustee, the Borrower and the Credit Facility Provider at all reasonable times;

(f) perform the duties of the Remarketing Agent and comply with the provisions set forth in Article X hereof; and

(g) notify the Tender Agent, the Trustee, the Borrower and the Credit Facility Provider of the status of the remarketing of tendered Bonds one (1) Business Day prior to the Settlement Date and if remarketing proceeds for all tendered Bonds have not been received by the Remarketing Agent by 10:00 a.m., Washington, D.C. time, on the Settlement Date.

Section 10.06. ***Qualifications and Resignation or Removal of Remarketing Agent.***

(a) The initial and any successor Remarketing Agent shall be a commercial bank, national banking association or trust company or a member of the National Association of Securities Dealers, Inc., and authorized by law to perform all the duties imposed upon it by this Indenture and the Remarketing Agreement. Any successor Remarketing Agent shall otherwise satisfy the Credit Facility Provider's then applicable standards for approved remarketing agents.

(b) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' written notice to the Issuer, the Borrower, the Credit Facility Provider, the Trustee and the Tender Agent, but any such resignation shall not be effective until a successor is appointed and has accepted such appointment. The Borrower shall, promptly upon receipt of any notice of resignation by the Remarketing Agent, use its best efforts to cause the appointment of a successor Remarketing Agent within such sixty (60) day period.

(c) The Remarketing Agent may be removed at any time (i) by the Issuer with the written consent of the Credit Facility Provider and Borrower (which consents shall not be unreasonably withheld, conditioned or delayed), (ii) by direction of the Issuer at the written request of the Credit Facility Provider (which direction shall not be unreasonably withheld, conditioned or delayed) or (iii) by direction of the Issuer at the request of the Borrower with the consent of the Credit Facility Provider (which direction and consent shall not be unreasonably withheld, conditioned or delayed), in each case by an instrument signed by the Issuer and filed with the Remarketing Agent, the Issuer, the Borrower, the Credit Facility Provider, the Trustee and the Tender Agent (A) if the Remarketing Agent suspends its remarketing efforts or (B) without cause, upon at least thirty (30) days' notice to the Remarketing Agent. Any successor Remarketing Agent shall be selected by the Issuer with the written consent of the Credit Facility Provider (unless the Credit Facility Provider shall have failed to honor a properly presented and conforming draw under the Credit Facility) (which consent shall not be

unreasonably withheld, conditioned or delayed) and the written consent of the Borrower. No removal of the Remarketing Agent shall be effective until a successor is appointed and has accepted such appointment.

(d) In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any money held by it in such capacity to its successor.

Section 10.07. ***Tender Agent.*** The Trustee, with the written consent of the Credit Facility Provider, shall appoint the Tender Agent for the Bonds, subject to the conditions set forth in Section 10.08 hereof. The Trustee shall initially serve as the Tender Agent. The Tender Agent shall designate to the Trustee at the Principal Office of the Tender Agent and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Trustee and the Remarketing Agent under which the Tender Agent acknowledges its qualifications and authority to act as Tender Agent under this Indenture and agrees, particularly, as follows:

(1) The Tender Agent shall, upon receipt of a Tender Notice from any Bondholder (or DTC Participant, with respect to a Bond in "book-entry only" form), give prompt telephonic notice thereof to the Trustee and the Remarketing Agent, specifying the amount of Bonds to be purchased and the Settlement Date, and shall, not later than the following Business Day, confirm such telephonic notice in writing and deliver to the Remarketing Agent, the Trustee and the Credit Facility Provider a copy of such Tender Notice.

(2) On each Settlement Date, the Tender Agent shall give the Remarketing Agent, the Credit Facility Provider and the Trustee telephonic notice, confirmed in writing by the following Business Day, of the principal amount of Bonds delivered pursuant to Section 10.01.

(3) The Tender Agent shall hold all Bonds delivered to it pursuant to Section 10.01 in trust for the benefit of the respective Bondholders which shall have so delivered such Bonds until such Bonds are required by this Indenture to be delivered to the respective purchasers thereof.

(4) The Tender Agent shall cancel all Bonds for which it has received written notice of remarketing from the Remarketing Agent and shall authenticate new Bonds in a like aggregate principal amount in the names and in the denominations set forth in the written notice given to the Tender Agent by the Remarketing Agent pursuant to Section 10.03 hereof.

(5) The Tender Agent shall deliver Bonds to the purchasers thereof in accordance with Section 10.04 hereof. The Tender Agent shall establish the Bond Purchase Fund as provided in Section 10.03 hereof. The Tender Agent shall remit the Purchase Price of tendered Bonds to the tendering Bondholders in accordance with Section 10.03 hereof.

(6) The Tender Agent shall deliver to the Trustee all tendered Bonds canceled.

(7) The Tender Agent shall keep such books and records as shall be consistent with prudent industry practice and shall make such books and records available for inspection by the Issuer, the Trustee, the Remarketing Agent and the Credit Facility Provider at all reasonable times.

(8) The Tender Agent shall send to the Trustee a copy of its transfer journal evidencing all changes in registration of the Bonds within two (2) Business Days of making such changes.

The Tender Agent shall pay to tendering Bondholders the Purchase Price of any Bonds for which it has received a Tender Notice and which have not been remarketed pursuant to Section 10.03 hereof, but solely from the sources listed in Section 10.04 hereof; and the Tender Agent shall pay to tendering Bondholders the Purchase Price of any Bonds for which it has received a Tender Notice and which have been remarketed pursuant to Section 10.03 hereof, but solely from amounts received from the Remarketing Agent.

Section 10.08. ***Qualifications of Tender Agent.*** The Tender Agent shall be a commercial bank, a national banking association or trust company with a principal office, or with an affiliate with an office, in New York, New York, having a capitalization of at least $10,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture; provided that, in any event, the Trustee may serve as the Tender Agent so long as the Bonds are in "book-entry-only" form. The Tender Agent shall be an affiliate of the Trustee (unless the Tender Agent is the Trustee), unless the Trustee has no affiliate meeting the requirements of the first sentence of this Section, in which case the selection of the Tender Agent shall be an entity appointed by the Trustee with the written consent of the Credit Facility Provider, the Issuer and the Borrower.

The Tender Agent may at any time resign and be discharged by giving at least sixty (60) days written notice to the Trustee, the Issuer, the Borrower, the Remarketing Agent and the Credit Facility Provider. The Tender Agent may be removed at any time, with the written consent of the Credit Facility Provider, by an instrument signed by the Trustee and filed with the Tender Agent, the Remarketing Agent and the Issuer.

In the event of the resignation or removal of the Tender Agent, the Tender Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity, and shall deliver all books and records relating thereto, to its successor or, if there be no successor, to the Trustee.

In the event that the Trustee shall fail to appoint a Tender Agent hereunder, or in the event that the Tender Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Tender Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Trustee shall not have appointed its successor as Tender Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section 10.08, shall be deemed to be the Tender Agent for all purposes of this Indenture until the appointment by the Trustee of the Tender Agent or a successor Tender Agent, as the case may be, notwithstanding the fact that the Trustee may not meet the qualifications set forth in the first paragraph of this Section 10.08.

Insofar as such provisions may be applicable, the Tender Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in Sections 7.01 and 7.02 with respect to the Trustee. The Tender Agent shall perform such duties, and only such duties, as are specifically set forth in this Indenture and the Financing Agreement and no implied covenants shall be read into this Indenture or the Financing Agreement against the Tender Agent.

Section 10.09. ***Dealing in Bonds.*** The Credit Facility Provider, the Trustee, the Tender Agent or the Remarketing Agent, in its individual capacity, may each in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Trustee, the Tender Agent, the Credit Facility Provider or the Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Credit Facility Provider, and may act as depository, trustee or agent for any committee or body of Bondholders secured hereby or other obligations of the Issuer as freely as if it did not act in any capacity hereunder. It is expressly understood that the Trustee and the Tender Agent in carrying out their respective duties hereunder shall each be acting as a conduit with respect to deliveries of Bonds for purchase pursuant to Section 10.01 hereof.

Section 10.10. ***Purchased Bonds.***

(a) *Unremarketed Bonds as Purchased Bonds; No Credit Facility Support.* Bonds for which the Purchase Price is funded with money provided under the Credit Facility and which are not remarketed in accordance with the Remarketing Agreement shall be deemed to be Purchased Bonds. The Credit Facility shall not be drawn for the purpose of paying debt service or the tender price for Purchased Bonds and shall not otherwise constitute security or provide liquidity therefor.

(b) *Ownership and Pledge of Purchased Bonds.* Purchased Bonds shall be owned by the Borrower and pledged to the Custodian for the benefit of the Credit Facility Provider pursuant to the Pledge Agreement. The Trustee, on behalf of the Borrower, shall immediately deliver all Purchased Bonds to the Custodian either in registered certificated form or in book-entry form in the manner set forth in the Pledge Agreement. If delivered in book-entry form, the Trustee shall deliver a written entitlement order to the applicable financial intermediary on whose records ownership of the Purchased Bonds is reflected directing the intermediary to credit the security entitlement relating to the Purchased Bonds to the account of the Custodian and deliver to the Custodian a written confirmation of such credit, whether or not the Borrower notifies the Remarketing Agent to do so.

(c) *Purchased Bonds Held in Certificated or Book-entry Form.* All Purchased Bonds shall be held under and pursuant to the Pledge Agreement in either certificated form or book-entry form, provided that Purchased Bonds held in book-entry form shall be transferred immediately to, and continuously held through the Securities Depository under, the Purchased Bond CUSIP Number. The Tender Agent or the Trustee, as applicable, shall, upon written direction of the Credit Facility Provider, withdraw Purchased Bonds from the Securities Depository and issue registered certificated Purchased Bonds to be held by the Custodian pursuant to the Pledge Agreement.

(d) *Payment Failure Not a Default.* Failure to pay interest on Purchased Bonds when due or failure to pay principal and interest on Purchased Bonds upon any redemption date, Settlement Date or the Maturity Date shall not constitute an Event of Default. Upon the Maturity Date, any redemption date or date of acceleration, all Purchased Bonds shall be deemed canceled. Purchased Bonds shall also be canceled upon direction of the Credit Facility Provider.

(e) *Remarketing of Purchased Bonds.* At such time as Purchased Bonds are remarketed by the Remarketing Agent, (i) the Trustee or the Tender Agent, as appropriate, shall remit the proceeds of the remarketing to the Credit Facility Provider to reimburse the Credit Facility Provider for unreimbursed amounts paid under the Credit Facility to purchase the Bonds, (ii) the Trustee or Tender Agent, as appropriate, upon receipt of notice from the Credit Facility Provider that it has received reimbursement for the amount provided under the Credit Facility (or notice from the Tender Agent that the Tender Agent has received funds that it will immediately remit to the Credit Facility Provider) and that the Credit Facility has been reinstated in accordance with its terms, shall promptly direct the Custodian to release all remarketed Purchased Bonds to the Remarketing Agent or, if so instructed by the Remarketing Agent, to the account of the new purchaser in a manner consistent with the requirements for "Delivery" as defined in the Pledge Agreement; (iii) the Trustee or the Tender Agent shall give written notice to the Remarketing Agent, the Borrower and the Credit Facility Provider that such Bonds are no longer Purchased Bonds; and (iv) the Trustee shall immediately transfer such remarketed Bonds to the original CUSIP Number and advise the Securities Depository accordingly.

ARTICLE XI

MISCELLANEOUS

Section 11.01. ***Consents and Other Instruments of Bondholders.*** Any consent, request, direction, approval, waiver, objection, appointment or other instrument required by this Indenture to be signed and executed by the Bondholders may be signed and executed in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such instrument, namely:

(a) the fact and date of the execution by any Person of any such instrument may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such instrument acknowledged the execution thereof. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such affidavit or certificate shall also constitute sufficient proof of such authority;

(b) the ownership of registered Bonds shall be proved by the Bond Register; and

(c) any request, consent or vote of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu

thereof, in respect of anything done or permitted to be done by the Trustee or the Issuer in pursuance of such request, consent or vote.

Section 11.02. ***Servicing the Bond Mortgage Loan.*** There shall be engaged at all times that Freddie Mac is the Credit Facility Provider an eligible servicing institution designated by Freddie Mac as the Servicer (which may be Freddie Mac if Freddie Mac elects to service the Bond Mortgage Loan) to service the Bond Mortgage Loan pursuant to the Guide.

Section 11.03. ***Limitation of Rights.*** With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the Parties hereto, the Credit Facility Provider, the Servicer, the Borrower and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions hereof.

Section 11.04. ***Construction of Conflicts; Severability.*** Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by the Borrower or any other arrangements agreed to by the Borrower in order to finance or refinance the Project with the proceeds of the Bonds, the interest on which is excluded from gross income for federal income tax purposes under Section 103(a) of the Code are inconsistent with the Bond Mortgage Loan Documents, then the Bond Mortgage Loan Documents shall be controlling in all respects. If any provision of this Indenture shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

Section 11.05. ***Notices.***

(a) Any provision of this Indenture relating to the mailing of notice or other communication to Bondholders shall be deemed fully complied with if such notice or other communication is mailed, by first class mail, postage prepaid, to each registered Owner of any Bonds then Outstanding at the address of such registered Owner as it appears on the Bond Register. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Issuer, the Trustee, the Credit Facility Provider, the Remarketing Agent, the Borrower or the Servicer shall be sufficiently given and shall be deemed given (unless

another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below or as may be required or permitted by this Indenture by Electronic Notice or by a facsimile transmission for which a confirmation of receipt has been delivered. The Issuer, the Trustee, the Credit Facility Provider, the Remarketing Agent, the Borrower or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

The Issuer:	Austin Housing Finance Corporation P.O. Box 1088 Austin, Texas 78767-1088 Attention: Housing Development Manager Telephone: 512-974-3192 Telecopier: 512-974-3161
The Trustee:	The Bank of New York Mellon Trust Company Attention: Richard Dillard Telephone: 904-645-1923 Telecopier: 904-645-1998
Electronic notices of interest rates shall be delivered to:	
The Borrower:	Marshall Affordable Partners, Ltd. c/o Summit Asset Management, L.L.C. 105 Tallapoosa Street, Suite 300 Montgomery, Alabama 36014 Attention: Daniel Hughes Telephone: Telecopier:
with a copy to:	Hessel, Aluise and Neun, P.C. (which copy shall not constitute notice to Borrower) 1050 17th Street, NW, Suite 900 Washington, DC 20036 Attention: Marie Callan Telephone: 202-466-5300 Telecopier: 202-466-5508
Credit Facility Provider:	Multifamily Operations – Loan Accounting Freddie Mac 8100 Jones Branch Drive Mail Stop B2E

	McLean, Virginia 22102 Email: mfla_trustees@freddiemac.com Trustee Hotline: (703) 714-4177
with a copy to:	Federal Home Loan Mortgage Corporation 8200 Jones Branch Drive McLean, Virginia 22102 Attention: Managing Associate General Counsel – Multifamily Legal Division Facsimile: (703) 903-2885 Telephone: (703) 903-2000
with a copy to:	Federal Home Loan Mortgage Corporation 8100 Jones Branch Drive Mail Stop B4F McLean, Virginia 22102 Attention: Director of Multifamily Loan Servicing Facsimile: (703) 714-3003 Telephone: (703) 903-2000
The Servicer:	Oak Grove Commercial Mortgage, LLC 2177 Youngman Avenue St. Paul, Minnesota 55116 Attention: Loan Servicing Telephone: (763) 656-4442 Telecopier: (763) 656-4500
Remarketing Agent:	Merchant Capital L.L.C. Lakeview Center, Suite 400 2660 East Chase Lane Montgomery, Alabama 36117 Attention: John B. Rucker, III Telephone: Telecopier:
Tender Agent:	The Bank of New York Mellon Trust Company Attention: Telephone: Telecopier:
Rating Agency:	[Standard & Poor's Ratings Services 38th Floor 55 Water Street New York, NY 10041-0003 Attention: Public Finance Surveillance

Or

Moody's Investors Service, Inc.
99 Church Street, 9th Floor
New York, New York 10007
Attention: Public Finance Local Housing

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to the Credit Facility Provider and by any party to the Credit Facility Provider to the Servicer.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Indenture, provided, however, that subsequent to such facsimile transmission of written instructions, the originally executed instructions and/or directions shall be provided to the Trustee in a timely manner.

(b) The Trustee shall provide to the Credit Facility Provider (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.01 hereof and (ii) any written information or other written communication received by the Trustee hereunder within ten (10) Business Days of receiving a written request from the Credit Facility Provider for any such information or other communication. The Trustee shall provide to the Rating Agency any information requested by the Rating Agency needed to maintain the rating on the Bonds.

(c) The Trustee shall provide to the Rating Agency, at the address specified in Section 11.05(a), notice of (i) any change in Trustee or Remarketing Agent hereunder, (ii) any material amendment to any of the Bond Financing Documents, (iii) any substitution, termination, expiration or extension of the Credit Facility, (iv) any change of the interest rate on the Bonds to a Reset Rate or Fixed Rate and (v) any acceleration or redemption in whole or defeasance of the Bonds.

Section 11.06. ***Credit Facility Provider.*** Following the release of the Credit Enhancement Agreement by the Trustee pursuant to the terms of this Indenture and the provision of an Alternate Credit Facility, all notices to be provided Freddie Mac and/or the Servicer hereunder shall be provided to the Alternate Credit Facility Provider and payments to be made to Freddie Mac or the Servicer from the Administration Fund shall be paid to the Alternate Credit Facility Provider.

Section 11.07. ***Trustee as Paying Agent and Bond Registrar.*** The Trustee is hereby designated and agrees to act as Paying Agent and Bond Registrar for and in respect to the Bonds. When acting in either such capacity, the Trustee will receive the same rights, protections and indemnifications afforded to the Trustee hereunder.

Section 11.08. ***Payments Due on Non-Business Days.*** In any case where a date of payment with respect to any Bonds shall be a day other than a Business Day, then such 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 made on such date, and no interest shall accrue for the period after such date providing that payment is made on such next succeeding Business Day.

Section 11.09. ***Counterparts.*** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.10. ***Laws Governing Indenture and Administration of Trust.*** The effect and meanings of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State without regard to conflicts of laws principles.

Section 11.11. ***No Recourse.*** No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in any Bond shall be had against any member, officer, commissioner, director or employee (past, present or future) of the Issuer, either directly or through the City Issuer or their governing body or otherwise, for the payment for or to the City Issuer or any receiver thereof, or for or to the Holder of any Bond issued hereunder, or otherwise, of any sum that may be due and unpaid by the City Issuer or its governing body upon any such Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to the Holder of any Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon any Bond hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

Section 11.12. ***Successors and Assigns.*** All the covenants and representations contained in this Indenture by or on behalf of the parties hereto shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

[Signature Pages follow]

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Trust Indenture to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

Austin Housing Finance Corporation, as Issuer

By:_____
General Manager

Attest:

_____
Secretary

[Issuer's Signature Page to Marshall Apartments Indenture]

The Bank of New York Mellon Trust Company, N.A., as Trustee

By: _____
Name:
Title:

[Trustee's Signature Page to Marshall Apartments Indenture]

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF TEXAS
AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS (MARSHALL APARTMENTS), SERIES 2011

NO. R- **$[_____]**

NOTICE: Unless this bond certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owners hereof, Cede & Co., has an interest herein.

INTEREST RATE: VARIABLE
MATURITY DATE:
DATED DATE:
DELIVERY DATE:
CUSIP NO.:
REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT: _____ *AND NO/100 DOLLARS*

Austin Housing Finance Corporation (the "Issuer"), a housing finance corporation, organized and created under the law of the State of Texas (the "State"), for value received, hereby promises (but solely from the sources and in the manner provided for in the hereinafter defined Indenture) to pay to the registered owner identified above, or registered assigns, on the maturity date set forth above, unless previously called for redemption, the principal sum as set forth above, together with interest thereon at the rate provided in the Indenture (as defined below) from the Interest Payment Date (as defined below) next preceding the date of authentication of this Bond to which interest has been paid or duly provided for, unless the date of authentication is an Interest Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication of this Bond, or unless no interest has been paid or duly provided for on this Bond, in which case from the Delivery Date identified above,

until the principal amount hereof shall have been fully paid, at the rate per annum provided in the Indenture, payable (a) during the Variable Period (defined below), on the first (1st) Business Day of each calendar month, commencing [_____], (b) during a Reset Period (defined below) or the Fixed Rate Period (defined below), on [_____] 1 and [_____] 1 of each year, (c) on each Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date and Substitution Date, (d) the maturity date, and (e) the date of redemption of this Bond (each, an "Interest Payment Date"), calculated as provided in the Indenture. Notwithstanding the foregoing, if this Bond is authenticated after a Record Date and before the following Interest Payment Date, this Bond shall bear interest from such Interest Payment Date; provided, however, that if there shall be a default in the payment of interest due on such Interest Payment Date, then this Bond shall bear interest from the next preceding Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on this Bond, from the Delivery Date. Payment of principal, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. Payment of principal of this Bond and premium, if any, will be made only upon presentation and surrender hereof at the Principal Office of the Trustee. Payment of interest on this Bond will be made by check mailed to the registered owner of this Bond as such address shall appear on the registration books for the Bonds (i) during the Variable Period, on the Business Day immediately preceding an Interest Payment Date, and (ii) during a Reset Period or the Fixed Rate Period, on the 15th day of the month preceding each Interest Payment Date (a "Record Date"). Upon written request of a registered owner of at least $1,000,000 aggregate principal amount of the Bonds received by The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successor trustee appointed in accordance with the terms of the hereinafter defined Indenture, the "Trustee"), at least five (5) Business Days prior to a Record Date, all payments of principal, premium, if any, and interest will be paid by wire transfer of immediately available funds to an account designated by such owner, less any reasonable wire transfer fees imposed by the Trustee. All capitalized terms not defined herein shall have the meaning set forth in the Trust Indenture dated [_____] by and between the Issuer and the Trustee (the "Indenture").

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR THE FEDERAL HOME LOAN MORTGAGE CORPORATION ("FREDDIE MAC"), AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC, PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT (AS HEREINAFTER DEFINED) ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, ANY OBLIGATION WHICH THE ISSUER MAY INCUR UNDER THIS BOND OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION HEREWITH WHICH SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER BUT SHALL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE BONDHOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS

PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS, TOGETHER WITH INTEREST THEREON, SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE BONDHOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NONE OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE SPECIFICALLY PLEDGED THERETO. 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, 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, 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.

This Bond is one of a duly authorized issue of bonds of the Issuer known as its Multifamily Housing Revenue Bonds (MARSHALL APARTMENTS), Series 2011, issued in the original aggregate principal amount of $[_____] (the "Bonds") under and pursuant to the Constitution and the laws of the State, particularly Chapter 394 of the Texas Local Government Code, as amended (the "Act"), and a bond resolution adopted by the Issuer. The Bonds are special, limited obligations of the Issuer payable solely from and secured by the Trust Estate pledged therefor pursuant to the Indenture. The Bonds are issued to provide funds to finance the acquisition and rehabilitation of a multifamily rental housing development known as Marshall Apartments located in Austin, Texas owned by Marshall Affordable Partners, Ltd. (the "Borrower").

The Bonds are issuable as fully registered bonds in Authorized Denominations of $100,000 or integral multiples of $5,000 in excess of $100,000 during any period the Bonds bear interest at a rate determined weekly (the "Variable Period"), and $5,000 or integral multiples thereof during any period that the rate of interest on the Bonds is fixed for a period of five (5) years or more or such shorter period as may be consented to in writing by the Credit Facility Provider (a "Reset Period") or fixed to the maturity date of the Bonds (the "Fixed Rate Period").

To secure its obligation to make payments on the Bond Mortgage Note in accordance with its terms, the Borrower has caused to be delivered to the Issuer a First Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing dated as of [_____] (the "Bond Mortgage"), which has been assigned by the Issuer to the Trustee, and a direct pay Credit Enhancement Agreement dated as of [_____] (the "Credit Enhancement Agreement")

between Freddie Mac and the Trustee. Under the Credit Enhancement Agreement, Freddie Mac has agreed to make advances to the Trustee (against proper draw requests made by the Trustee thereunder) in the amounts necessary to pay principal of and interest due under the Bond Mortgage Loan and to pay the Purchase Price of the Bonds during any period the Bonds bear interest at the Variable Rate, to the extent there are insufficient remarketing proceeds to pay the Purchase Price of the Bonds tendered for purchase (other than Purchased Bonds).

Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the Trust Estate under the Indenture, the nature and extent of the security, the terms and conditions upon which the Bonds are issued and secured and the rights of the holders thereof, to all of the provisions of which Indenture the registered Owner of this Bond, by acceptance hereof, assents and agrees. This Bond is equally and ratably secured under the Indenture with all other Bonds issued thereunder.

Purchased Bonds. The principal amount of this Bond shall be reduced to the extent and at such time as the Bonds become Purchased Bonds as provided in the Indenture. The principal amount of this Bond shall increase only when and to the extent that Purchased Bonds are successfully remarketed as provided in the Indenture. At no time shall the aggregate principal amount of all Bonds, including Purchased Bonds, exceed $[TOTAL ISSUE AMOUNT].

Variable Interest Accrual Period. From the Delivery Date of the Bonds to, but excluding, the earlier of (a) the date of adjustment to a Reset Rate (a "Reset Adjustment Date") or the Fixed Rate (a "Fixed Rate Adjustment Date") or (b) the maturity date, this Bond shall bear interest at the Variable Rate determined weekly on the Variable Interest Computation Date by the Remarketing Agent, as provided in the Indenture, for each Variable Interest Accrual Period, provided that in no event shall such rate exceed the Maximum Rate of interest which may be charged pursuant to the terms of the Indenture. The Variable Interest Computation Date shall be Wednesday of each week during the Variable Period or, if any such Wednesday is not a Business Day, then the next day which is a Business Day. Interest on the Bonds during the Variable Period shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed. Bonds purchased with proceeds made available under the Credit Facility shall bear interest at the rate established pursuant to the Reimbursement Agreement.

Reset Period. The Borrower may, upon compliance with certain conditions of the Indenture, cause the interest rate on the Bonds to be adjusted to a Reset Rate, which shall be determined by the Remarketing Agent as provided in the Indenture. During the Reset Period, the Bonds shall bear interest at the Reset Rate, payable on each Interest Payment Date (commencing on the first Interest Payment Date occurring at least 30 days after the Reset Adjustment Date) to and including the next succeeding Reset Adjustment Date. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. At the conclusion of a Reset Period, the Borrower may, upon compliance with certain conditions of the Indenture, cause the interest rate on the Bonds to be adjusted to a Variable Rate, a new Reset Date or a Fixed Rate, which shall be determined and redetermined by the Remarketing Agent as provided in the Indenture.

Fixed Rate Period. The Borrower may, upon compliance with certain conditions of the Indenture, cause the interest rate on the Bonds to be adjusted to a Fixed Rate, which shall be

determined by the Remarketing Agent as provided in the Indenture. During the Fixed Rate Period, the Bonds shall bear interest at the Fixed Rate, payable on each Interest Payment Date (commencing on the first Interest Payment Date occurring at least 30 days after the Fixed Rate Adjustment Date) to and including the maturity of the Bonds. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Redemption. The Bonds are subject to optional and mandatory redemption or purchase in lieu of redemption in accordance with the provisions of the Indenture.

Purchase in Lieu of Redemption. At any time that Bonds are subject to redemption in whole pursuant to the Indenture the Trustee may purchase such Bonds for the account of the Borrower or the Credit Facility Provider. The Purchase Price of such Bonds, excluding accrued interest, shall not exceed the applicable redemption price of the Bonds that would otherwise have been redeemed.

Purchase of Bonds at Option of Registered Owner. During the Variable Period, this Bond shall be purchased by the Trustee as Tender Agent (the "Tender Agent"), on behalf of and as agent for the owner of this Bond, on the demand of the beneficial owner of the Bond, on any Business Day (following notice) at a Purchase Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to the date of purchase upon delivery to the Tender Agent, at its Principal Office specified in the Indenture, of a notice as required by the Indenture (a "Tender Notice"). The date stated in the Tender Notice on which such Bond shall be purchased shall be a Business Day not prior to the seventh day next succeeding the date of delivery of such notice to the Tender Agent.

Mandatory Tender on Certain Dates. The registered Owners of the Bonds shall be required to tender their Bonds to the Tender Agent for purchase by the Trustee on behalf of and as agent for the owner of the Bonds for a Purchase Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the applicable Settlement Date on each Reset Adjustment Date, each Variable Rate Adjustment Date, the Fixed Rate Adjustment Date, and on the date of any substitution of any Alternate Credit Facility pursuant to the Indenture. Bonds shall be subject to mandatory tender and purchase on any date specified by the Trustee following a default under the Bond Mortgage Loan or the Reimbursement Agreement and receipt by the Trustee of notice from the Credit Facility Provider that the Bonds are to be tendered for purchase on the Settlement Date selected by the Credit Facility Provider. Bondholders may not elect to retain their Bonds in any such event (even if such Reset Adjustment Date, Variable Rate Adjustment Date, the Fixed Rate Adjustment Date or any Substitution Date fails to occur). Any Bond required to be tendered on such dates which is not tendered as of such date shall be deemed to have been tendered to the Tender Agent on such date and shall thereafter cease to bear interest and shall no longer be considered Outstanding under the Indenture.

In the event of a redemption of less than all of the Bonds, the Bonds shall be selected by lot or such method as the Trustee deems appropriate. Bonds shall only be redeemed in Authorized Denominations.

Unless notice of redemption is not required under this Bond and the terms of the Indenture, notice of redemption of this Bond shall be given by first class mail, postage prepaid,

to the registered owner hereof at the address of such owner shown on the registration books maintained by the Trustee, as bond registrar. All such notices shall be given not less than ten (10) days (not less than thirty (30) days in the case of optional or mandatory sinking fund redemptions) nor more than sixty (60) days prior to the date fixed for redemption. Notice shall also be sent by certified mail, overnight delivery service or other secure means, postage prepaid, to the Credit Facility Provider and to certain information services as described in the Indenture. Failure to give notice by mailing to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond if notice shall have been mailed as herein provided. The Trustee may provide a conditional notice of redemption upon the direction of the Credit Facility Provider or the Borrower (with the prior written consent of the Credit Facility Provider).

The 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 under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

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 is transferable by the registered owner hereof in Person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond or Bonds of the same series, maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefore. The Bonds are issuable only as fully registered Bonds without coupons.

The Issuer and the Trustee may deem and treat the registered holder hereof 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.

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

In the event of a conflict between the terms of this Bond and the Indenture, the terms of the Indenture shall control.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in the time, form and manner as required by law; that payment in full for this Bond has been received; and that this Bond and the issue of which it forms a part does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed by the manual or facsimile signature of its President and attested by the manual or facsimile signature of its Secretary.

Austin Housing Finance Corporation

[SEAL]

By_____
President

ATTEST:

By_____
Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of and described in the within-mentioned Indenture.

Date of Authentication: _____

The Bank of New York Mellon Trust Company, N.A.

By:_____
Authorized Signer

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

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto
(Please insert Social Security Number or other identifying number of assignee)

(Please print or Typewrite Name and Address of Assignee)

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 of substitution in the premises.

Dated: _____.

Signature Guaranteed

_____

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

_____

Signature

NOTICE: The Signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT A-2

FORM OF PURCHASED BOND

UNITED STATES OF AMERICA
STATE OF TEXAS

AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS (MARSHALL APARTMENTS), SERIES 2011

NO. R- **Up To $[_____]**

NOTICE: Unless this bond certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owners hereof, Cede & Co., has an interest herein.

INTEREST RATE: VARIABLE
MATURITY DATE:
DATED DATE:
DELIVERY DATE:
CUSIP NO. (Purchased Bond Only):
REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT: Up to _____ AND NO/100 DOLLARS

Austin Housing Finance Corporation (the "Issuer"), a housing finance corporation, organized and created under the law of the State of Texas(the "State"), for value received, hereby promises (but solely from the sources and in the manner provided for in the hereinafter defined Indenture) to pay to the registered owner identified above, or registered assigns, on the maturity date set forth above, unless previously called for redemption, the principal sum as set forth above, together with interest thereon at the rate provided in the Indenture (as defined below) from the Interest Payment Date (as defined below) next preceding the date of authentication of this Bond to which interest has been paid or duly provided for, unless the date of authentication is an Interest Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication of this Bond, or unless no interest has been paid or duly provided for on this Bond, in which case from [the Dated Date] [the Delivery Date] identified above, until the principal amount hereof shall have been fully paid, at the rate per annum provided in the Indenture, payable (a) during the Variable Period (defined below), on the first (1st) Business Day

of each calendar month, commencing [_____], (b) during a Reset Period (defined below) or the Fixed Rate Period (defined below), on [_____] 1 and [_____] 1 of each year, (c) on each Reset Adjustment Date, Variable Rate Adjustment Date, Fixed Rate Adjustment Date and Substitution Date, (d) the maturity date, and (e) the date of redemption of this Bond (each, an "Interest Payment Date"), calculated as provided in the Indenture. Notwithstanding the foregoing, if this Bond is authenticated after a Record Date and before the following Interest Payment Date, this Bond shall bear interest from such Interest Payment Date; provided, however, that if there shall be a default in the payment of interest due on such Interest Payment Date, then this Bond shall bear interest from the next preceding Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for on this Bond, from [the Delivery Date] [the Dated Date]. Payment of principal, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. Payment of principal of this Bond and premium, if any, will be made only upon presentation and surrender hereof at the Principal Office of the Trustee. Payment of interest on this Bond will be made by check mailed to the registered owner of this Bond as such address shall appear on the registration books for the Bonds (i) during the Variable Period, on the Business Day immediately preceding an Interest Payment Date, and (ii) during a Reset Period or the Fixed Rate Period, on the 15th day of the month preceding each Interest Payment Date (a "Record Date"). Upon written request of a registered owner of at least $1,000,000 aggregate principal amount of the Bonds received by The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successor trustee appointed in accordance with the terms of the hereinafter defined Indenture, the "Trustee"), at least five (5) days prior to a Record Date, all payments of principal, premium, if any, and interest will be paid by wire transfer of immediately available funds to an account designated by such owner, less any reasonable wire transfer fees imposed by the Trustee. All capitalized terms not defined herein shall have the meaning set forth in the Trust Indenture dated [_____] by and between the Issuer and the Trustee (the "Indenture").

THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR ANY AGENCY OF THE UNITED STATES OF AMERICA, OR THE FEDERAL HOME LOAN MORTGAGE CORPORATION ("FREDDIE MAC"), AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC, PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS IS NOT GUARANTEED BY FREDDIE MAC. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT (AS HEREINAFTER DEFINED) ARE OBLIGATIONS SOLELY OF FREDDIE MAC AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA.

NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, ANY OBLIGATION WHICH THE ISSUER MAY INCUR UNDER THIS BOND OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION HEREWITH WHICH SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE ISSUER BUT SHALL BE A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE BONDHOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND

INTEREST ON THE BONDS AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS, TOGETHER WITH INTEREST THEREON, SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER GIVING RISE TO NO CHARGE AGAINST THE ISSUER'S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE BONDHOLDERS THEREOF AGAINST ONLY, THE TRUST ESTATE. THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE ISSUER (EXCEPT TO THE EXTENT OF THE TRUST ESTATE), THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NONE OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE SPECIFICALLY PLEDGED THERETO. 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, 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, 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.

This Bond is one of a duly authorized issue of bonds of the Issuer known as its Multifamily Housing Revenue Bonds (MARSHALL APARTMENTS), Series 2011, issued in the original aggregate principal amount of $[_____] (the "Bonds") under and pursuant to the Constitution and the laws of the State, particularly Chapter 394 of the Texas Local Government Code, as amended (the "Act"), and a bond resolution adopted by the Issuer. The Bonds are special, limited obligations of the Issuer payable solely from and secured by the Trust Estate pledged therefor pursuant to the Indenture. The Bonds are issued to provide funds to finance of a multifamily rental housing development known as Marshall Apartments located in Austin, Texas owned by Marshall Affordable Partners, Ltd. (the "Borrower").

The Bonds are issuable as fully registered bonds in Authorized Denominations of $100,000 or integral multiples of $5,000 in excess of $100,000 during any period the Bonds bear interest at a rate determined weekly (the "Variable Period"), and $5,000 or integral multiples thereof during any period that the rate of interest on the Bonds is fixed for a period of five (5) years or more or such shorter period as may be consented to in writing by the Credit Facility Provider (a "Reset Period") or fixed to the maturity date of the Bonds (the "Fixed Rate Period").

To secure its obligation to make payments on the Bond Mortgage Note in accordance with its terms, the Borrower has caused to be delivered to the Issuer a First Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing dated as of [_____] (the "Bond Mortgage"), which has been assigned by the Issuer to the Trustee, and a direct pay Credit Enhancement Agreement dated as of [_____] (the "Credit Enhancement Agreement") between Freddie Mac and the Trustee. Under the Credit Enhancement Agreement, Freddie Mac has agreed to make advances to the Trustee (against proper draw requests made by the Trustee

thereunder) in the amounts necessary to pay principal of and interest due under the Bond Mortgage Loan and to pay the Purchase Price of the Bonds during any period the Bonds bear interest at the Variable Rate, to the extent there are insufficient remarketing proceeds to pay the Purchase Price of the Bonds tendered for purchase (other than Purchased Bonds).

Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the Trust Estate under the Indenture, the nature and extent of the security, the terms and conditions upon which the Bonds are issued and secured and the rights of the holders thereof, to all of the provisions of which Indenture the registered Owner of this Bond, by acceptance hereof, assents and agrees. This Bond is equally and ratably secured under the Indenture with all other Bonds issued thereunder.

Purchased Bonds. This Bond has been purchased with amounts drawn under the Credit Enhancement Agreement and is not secured by the Credit Enhancement Agreement pursuant to the terms of the Indenture and the Credit Enhancement Agreement. The initial principal amount of this Bond shall be zero and increase only to the extent and at such time as the Bonds become Purchased Bonds as provided in the Indenture. The principal amount of this Bond shall decrease when and to the extent that Purchased Bonds are successfully remarketed as provided in the Indenture. At no time shall the aggregate principal amount of all Bonds, including Purchased Bonds, exceed $[TOTAL ISSUE AMOUNT].

Variable Interest Accrual Period. From the [Delivery Date][Dated Date] of the Bonds to, but excluding, the earlier of (a) the date of adjustment to a Reset Rate (a "Reset Adjustment Date") or the Fixed Rate (a "Fixed Rate Adjustment Date") or (b) the maturity date, this Bond shall bear interest at the Variable Rate determined weekly on the Variable Interest Computation Date by the Remarketing Agent, as provided in the Indenture, for each Variable Interest Accrual Period, provided that in no event shall such rate exceed the Maximum Rate of interest which may be charged pursuant to the terms of the Indenture. The Variable Interest Computation Date shall be Wednesday of each week during the Variable Period or, if any such Wednesday is not a Business Day, then the next day which is a Business Day. Interest on the Bonds during the Variable Period shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed. Bonds purchased with proceeds made available under the Credit Facility shall bear interest at the rate established pursuant to the Reimbursement Agreement.

Reset Period. The Borrower may, upon compliance with certain conditions of the Indenture, cause the interest rate on the Bonds to be adjusted to a Reset Rate, which shall be determined by the Remarketing Agent as provided in the Indenture. During the Reset Period, the Bonds shall bear interest at the Reset Rate, payable on each Interest Payment Date (commencing on the first Interest Payment Date occurring at least 30 days after the Reset Adjustment Date) to and including the next succeeding Reset Adjustment Date. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. At the conclusion of a Reset Period, the Borrower may, upon compliance with certain conditions of the Indenture, cause the interest rate on the Bonds to be adjusted to a Variable Rate, a new Reset Date or a Fixed Rate, which shall be determined and redetermined by the Remarketing Agent as provided in the Indenture.

Fixed Rate Period. The Borrower may, upon compliance with certain conditions of the Indenture, cause the interest rate on the Bonds to be adjusted to a Fixed Rate, which shall be determined by the Remarketing Agent as provided in the Indenture. During the Fixed Rate Period, the Bonds shall bear interest at the Fixed Rate, payable on each Interest Payment Date (commencing on the first Interest Payment Date occurring at least 30 days after the Fixed Rate Adjustment Date) to and including the maturity of the Bonds. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Redemption. The Bonds are subject to optional and mandatory redemption or purchase in lieu of redemption in accordance with the provisions of the Indenture.

Purchase in Lieu of Redemption. At any time that Bonds are subject to redemption in whole pursuant to the Indenture the Trustee may purchase such Bonds for the account of the Borrower or the Credit Facility Provider. The Purchase Price of such Bonds, excluding accrued interest, shall not exceed the applicable redemption price of the Bonds that would otherwise have been redeemed.

Purchase of Bonds at Option of Registered Owner. During the Variable Period, this Bond shall be purchased by the Trustee as Tender Agent (the "Tender Agent"), on behalf of and as agent for the owner of this Bond, on the demand of the beneficial owner the Bond, on any Business Day (following notice) at a Purchase Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest, if any, to the date of purchase upon delivery to the Tender Agent, at its Principal Office specified in the Indenture, of a notice as required by the Indenture (a "Tender Notice"). The date stated in the Tender Notice on which such Bond shall be purchased shall be a Business Day not prior to the seventh day next succeeding the date of delivery of such notice to the Tender Agent.

Mandatory Tender on Certain Dates. The registered Owners of the Bonds shall be required to tender their Bonds to the Tender Agent for purchase by the Trustee on behalf of and as agent for the owner of the Bonds for a Purchase Price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the applicable Settlement Date on each Reset Adjustment Date, each Variable Rate Adjustment Date, the Fixed Rate Adjustment Date, and on the date of any substitution of any Alternate Credit Facility pursuant to the Indenture. Bonds shall be subject to mandatory tender and purchase on any date specified by the Trustee following a default under the Bond Mortgage Loan or the Reimbursement Agreement and receipt by the Trustee of notice from the Credit Facility Provider that the Bonds are to be tendered for purchase on the Settlement Date selected by the Credit Facility Provider. Bondholders may not elect to retain their Bonds in any such event (even if such Reset Adjustment Date, Variable Rate Adjustment Date, the Fixed Rate Adjustment Date or any Substitution Date fails to occur).

In the event of a redemption of less than all of the Bonds, the Bonds shall be selected by lot. Bonds shall only be redeemed in Authorized Denominations.

Unless notice of redemption is not required under this Bond and the terms of the Indenture, notice of redemption of this Bond shall be given by first class mail, postage prepaid, to the registered owner hereof at the address of such owner shown on the registration books maintained by the Trustee, as bond registrar. All such notices shall be given not less than ten

(10) days (not less than thirty (30) days in the case of optional or mandatory sinking fund redemptions) nor more than sixty (60) days prior to the date fixed for redemption. Notice shall also be sent by certified mail, overnight delivery service or other secure means, postage prepaid, to the Credit Facility Provider and to certain information services as described in the Indenture. Failure to give notice by mailing to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond if notice shall have been mailed as herein provided. The Trustee may provide a conditional notice of redemption upon the direction of the Credit Facility Provider or the Borrower (with the prior written consent of the Credit Facility Provider).

The 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 under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

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 is transferable by the registered owner hereof in Person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond or Bonds of the same series, maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefore. The Bonds are issuable only as fully registered Bonds without coupons.

The Issuer and the Trustee may deem and treat the registered holder hereof 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.

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

In the event of a conflict between the terms of this Bond and the Indenture, the terms of the Indenture shall control.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in the time, form and manner as required by law and that this Bond and the issue of which it forms a part does not exceed or violate any constitutional or statutory limitation.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed by the manual or facsimile signature of its President and attested by the manual or facsimile signature of its Secretary.

Austin Housing Finance Corporation

[SEAL]

By_____
President

ATTEST:

By_____
Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of and described in the within-mentioned Indenture.

Date of Authentication: _____

The Bank of New York Mellon Trust Company, N.A.

By:_____
Authorized Signer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto
(Please insert Social Security Number or other identifying number of assignee)

(Please print or Typewrite Name and Address of Assignee)

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 of substitution in the premises.

Dated: _____.

Signature Guaranteed

_____

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

_____
Signature

NOTICE: The Signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

FORM OF TENDER NOTICE

$[_____]
Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds (MARSHALL APARTMENTS), Series 2011

TO: The Bank of New York Mellon Trust Company, N.A., as Tender Agent

Notice is hereby given pursuant to Section 10.01 of the Trust Indenture dated as of [_____] (the "Indenture") pursuant to which the above-captioned bonds (the "Bonds") are issued and outstanding, that the undersigned Bondholder demands the purchase of $_____ in aggregate principal amount of Bonds, on _____, which date is a Business Day not prior to the seventh (7th) day next succeeding the date of your receipt of this Notice. The demand for purchase is irrevocable.

Date: _____

_____
Authorized Signature

Copies to: The Bank of New York Mellon Trust Company, N.A., Trustee
Merchant Capital, L.L.C., Remarketing Agent

EXHIBIT C

FORM OF PURCHASER'S LETTER

[To be prepared on letterhead of Purchaser]

[Date]

Austin Housing Finance Corporation
[Address]

The Bank of New York Mellon Trust Company, N.A.
[Address]

Re: Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (MARSHALL APARTMENTS), Series 2011

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby acknowledges receipt as transferee, from the previous owner thereof, of the above-referenced bonds (the "Bonds") in fully registered form and in the aggregate principal amount of $_____, constituting all of the Bonds currently outstanding. The Bonds have been checked, inspected and approved by the Purchaser.

The undersigned acknowledges that the Bonds were issued for the purpose of making a loan to assist in financing a multifamily rental housing development know as located in Austin, Texas (the "Project"), as more particularly described in that certain Financing Agreement dated as of [_____], as may be amended and supplemented from time to time (the "Financing Agreement"), by and among the Austin Housing Finance Corporation (the "Issuer"), Marshall Affordable Partners, Ltd., a limited partnership duly organized and existing under the laws of the of Alabama (the "Borrower"), and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). The undersigned further acknowledges that the Bonds are secured by a certain Trust Indenture dated as of [_____], as amended and supplemented (the "Indenture"), between the Issuer and the Trustee, which creates a security interest in loan repayments made pursuant to the Financing Agreement for the benefit of the holders and Owners of the Bonds, and by a first First Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing with respect to the Project (the "Bond Mortgage"), which creates a security interest in the Project, subject to permitted encumbrances, as provided therein. Terms not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

In connection with the sale of the Bonds to the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser hereby certifies that it is (a) a bank as defined in Section 3(a)(2) of the Securities Act of 1933 (the "Act") or a bank holding company or a wholly-owned subsidiary

of a bank holding company, or a savings and loan association or other institution as defined in Section 3(a)(5)(a) of that act whether acting in its individual or fiduciary capacity; or (b) a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; or (c) an insurance company as defined in Section 2(13) of that act; or (d) an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that act; or (e) a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; or (f) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivision for the benefit of its employees, if investment decisions are made by a plan fiduciary which is a bank, savings and loan association, insurance company, or registered investment advisor and the plan establishes fiduciary principles the same as or similar to those contained in Sections 404-407 of Title I of the Employee Retirement Income Security Act of 1974; or (g) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if investment decisions are made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors or (h) an "accredited investor" as defined in Rule 501 of Regulation D of the Act, as amended.

2. The Bonds are being acquired by the Purchaser for its own account and for investment and not with a view to, or for resale in connection with, any public distribution of the Bonds. The Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible due to unmarketability of the Bonds.

3. The Purchaser understands that the Bonds have not been registered under the Act.

4. The Purchaser acknowledges that it is familiar with the conditions, financial and otherwise, of the Borrower and understands that the Borrower has no significant assets other than the Project. To the extent deemed appropriate in making its investment decision, the Purchaser has discussed the Borrower's financial condition and the Borrower's current and proposed business activities with the Borrower. The Purchaser further acknowledges that it has such knowledge and experience in business matters that it is fully capable of evaluating the merits and risks of this investment and it is able to bear the economic risk of the investment. The Bonds are a security of the kind the Purchaser wishes to purchase and hold for investment, and the nature and amount of the Bonds are consistent with the Purchaser's investment program. The Purchaser has been furnished such information and such documents as the Purchaser deems necessary to make a decision to purchase the Bonds, including copies or forms of the Indenture, the Financing Agreement, the Bond Mortgage and the Tax Regulatory Agreement (as defined in the Indenture), and certain other documents relating to the Bonds and the Project, all of which documents the Purchaser has reviewed. Specifically, but without limitation, the Purchaser has reviewed information about the Project and the property manager for the Project, if any, as well as information about the investment risks relating to the Bonds, and the Purchaser understands that the Bonds involve a high degree of risk. SPECIFICALLY, AND WITHOUT IN ANY MANNER LIMITING THE FOREGOING, THE PURCHASER UNDERSTANDS AND ACKNOWLEDGES THAT, AMONG OTHER RISKS, THE BONDS ARE PAYABLE

SOLELY FROM REVENUES DERIVED FROM THE PROJECT AND THAT THE BONDS ARE NOT ENTITLED TO THE BENEFIT OF ANY CREDIT FACILITY AND NOT RATED BY THE RATING AGENCY. The Purchaser has made such inquiry with respect to all of the foregoing as it believed to be desirable for its purposes.

5. The Purchaser has received from the Issuer no formal or informal offering or disclosure document relating to the Bonds and has concluded that the receipt of one prior to the purchase of the Bonds is not required. It is acknowledged that no written information has been provided by the Issuer, and that any written information furnished by any other party to the transaction does not purport to fully disclose all information pertinent to the Bonds.

6. Except as disclosed to the Issuer, the Purchaser is not now and has never been controlled by, or under common control with, the Borrower. Except as disclosed to the Issuer, the Borrower has never been and is not now controlled by the Purchaser. THE PURCHASER HAS ENTERED INTO NO ARRANGEMENTS WITH THE BORROWER OR WITH ANY AFFILIATE OF THE BORROWER IN CONNECTION WITH THE BONDS, OTHER THAN AS DISCLOSED TO THE ISSUER. The Purchaser hereby agrees to deliver to the Issuer a copy of any agreement between the Purchaser and the Borrower or any affiliate of the Borrower relating to the Bonds. [THIS PARAGRAPH TO BE DELETED IN THE EVENT OF PURCHASE OF BONDS BY BORROWER OR AN AFFILIATE OF BORROWER.]

7. The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.

8. In entering into this transaction the Purchaser has not relied upon any representations or opinions made by the Issuer relating to the legal consequences or other aspects of the transactions, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the refinancing, operation or management thereof), or any other matter pertaining to the merits or risks of the transaction, or the adequacy of any collateral pledged to the Trustee to secure repayment of the Bonds.

9. The Purchaser understands that the Bonds are not secured by any pledge of any money received or to be received from taxation by the State of Texas or any political subdivision or taxing district thereof, including, without limitation, the Issuer; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the State of Texas or any political subdivision thereof; that no right will exist to have taxes levied by the Issuer, the State of Texas or any political subdivision thereof for the payment of principal, premium, if any, and interest on the Bonds; and that the liability of the Issuer with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

10. The Purchaser has been informed that the Bonds have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

11. The Purchaser has obtained, from representatives of the Borrower and others, all information regarding the Bonds which it has deemed relevant. The Purchaser has asked of the Borrower and all other relevant parties all the questions to which the Purchaser desired answers, and has had those questions satisfactorily answered. Neither the Borrower nor the Issuer nor any other relevant party has refused to disclose any information that Purchaser deems necessary or appropriate to its decision to purchase the Bonds.

12. Although the Purchaser does not intend at this time to dispose of the Bonds, the Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to the following requirements:

(a) The Purchaser may not dispose of the Bonds to a person or entity other than as described in Section 1 without the prior written consent of the Issuer;

(b) The Purchaser will not sell or otherwise transfer the Bonds unless such transfer will not result in the transferee owning less than all of the Bonds, except with the prior written approval of the Issuer;

(c) Prior to any transfer of the Bonds, the Purchaser shall deliver to the Issuer and the Trustee a certificate identifying any and all documents that have been executed by the Purchaser and the Borrower or any affiliate of the Borrower with respect to the Bonds; and

(d) The Purchaser will not sell or otherwise transfer the Bonds without requiring the transferee to deliver to the Issuer and to the Trustee an investor's letter to the same effect as this Purchaser's Letter, including this paragraph 12, with no revisions except as may be approved in writing by the Issuer.

[PURCHASER]

By:_____
Name:_____
Title:_____

EXHIBIT D

COSTS OF ISSUANCE REQUISITION
(Costs of Issuance Fund)

The Bank of New York Mellon Trust Company, N.A., as Trustee

Re: $[_____] Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (MARSHALL APARTMENTS), Series 2011

Trustee:

You are requested to disburse funds from the Costs of Issuance Fund pursuant to Section 4.13 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the "Requisition"). The terms used in this requisition shall have the meaning given to those terms in the Trust Indenture (the "Indenture"), dated as of [_____], by and between the Austin Housing Finance Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee, securing the above referenced Bonds.

REQUISITION NO.:

PAYMENT DUE TO:

AMOUNT TO BE DISBURSED: $

The undersigned, on behalf of Marshall Affordable Partners, Ltd., a limited partnership duly organized and existing under the laws of the State of Alabama (the "Borrower"), certifies that:

(a) the expenditures for which moneys are requisitioned by this Requisition represent proper charges against the Costs of Issuance Fund, have not been included in any previous requisition and are set forth in the Schedule attached to this Requisition, with invoices attached for any sums for which reimbursement is requested; and

(b) the moneys requisitioned are not greater than those necessary to meet obligations due and payable or to reimburse the applicable party for funds actually advanced for Costs of Issuance.

Attached to this Requisition is a Schedule, together with copies of invoices or bills of sale covering all items for which payment is being requested.

Date of Requisition: _____

[BORROWER SIGNATURE BLOCK]

EXHIBIT E

BOND MORTGAGE LOAN FUND REQUISITION
(Bond Mortgage Loan Fund)

The Bank of New York Mellon Trust Company, N.A., as Trustee

Re: $[_____] Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (MARSHALL APARTMENTS), Series 2011

You are requested to disburse funds from the Bond Mortgage Loan Fund pursuant to Section 4.02 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the "Requisition"). The terms used in this requisition shall have the meaning given to those terms in the Trust Indenture (the "Indenture"), dated as of [_____], by and between the Austin Housing Finance Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee, securing the above referenced Bonds.

REQUISITION NO.:

PAYMENT DUE TO:

AMOUNT(S) TO BE DISBURSED: $_____ from the Project Account

$_____ from the Borrower Equity Account

The undersigned Borrower hereby represents and warrants that the following information and certifications provided in connection with this Requisition are true and correct as of the date hereof and authorizes Servicer to submit this Requisition to Bond Trustee on behalf of Borrower:

1. Purposes for which disbursement is requested are specified in the **attached Schedule**.

2. Party or parties to whom the disbursements shall be made are specified in the **attached Schedule** (may be the undersigned in the case of reimbursement for advances and payments made or cost incurred for work done by the undersigned); provided, that no reimbursement shall be made for advances and payments made prior to _____, 20__).

3. The undersigned certifies that:

   (a) the conditions precedent to disbursement set forth in the Rehabilitation Escrow Agreement have been satisfied;

   (b) the disbursement requested pursuant to this Requisition will be used solely to pay a cost or costs allowable under the Indenture and the Rehabilitation Escrow Agreement;

(c) none of the items for which disbursement is requested pursuant to this Requisition has formed the basis for any disbursement previously made from the Bond Mortgage Loan Fund and all such items have been properly recorded in Borrower's books and are set forth on the Schedule attached hereto, along with paid invoices attached for any sum for which reimbursement is requested and invoices or bills of sales for all other items;

(d) all labor and materials for which disbursements have been requested have been incorporated into the Project in accordance with reasonable and standard building practices, the Rehabilitation Escrow Agreement and all Applicable Legal Requirements (as defined in the Rehabilitation Escrow Agreement);

(e) the materials, supplies and equipment furnished or installed for the Improvements are not subject to any lien or security interest or that the funds to be disbursed pursuant to this Requisition are to be used to satisfy any such lien or security interest.

(f) all of the funds being requisitioned are being used in compliance with all tax covenants set forth in this Indenture, the Financing Agreement and the Tax Certificate, including that none of the proceeds of the Bonds (including investment earnings thereon) will be used to provide an airplane, a skybox or any other private luxury box, any facility primarily used for gambling, health club facility or any store the principal business of which is the sale of alcoholic beverages for consumption off premises;

(g) with respect to amounts from the Project Account of the Bond Mortgage Loan Fund, not less than 95% of the sum of:

(A) the amounts requisitioned by this Requisition; plus

(B) all amounts previously requisitioned and disbursed from the Project Account of the Bond Mortgage Loan Fund;

have been or will be applied by Borrower to pay the Costs of the Project;

(h) Borrower is not in default under the Financing Agreement, the Rehabilitation Escrow Agreement or any other Bond Mortgage Loan Document to which it is a party and nothing has occurred to the knowledge of Borrower that would prevent the performance of its obligations under such documents; and

(i) no amounts being requisitioned hereby will be used to pay, or reimburse, any Costs of Issuance incurred in connection with the issuance of the Bonds or pay debt service with respect to the Bond Mortgage Loan;

(j) Funds deposited with Borrower for further disbursement to third parties shall be paid to such third parties by check dated the date of

such deposit and Borrower reasonably expects such funds will be disbursed from its account within five Business Days of such deposit.

[*Following items may not required for Initial Disbursement*]

4. Estimated costs of completing the uncompleted Improvements (as defined in the Rehabilitation Escrow Agreement) as of the date of this Requisition: _____

5. Percent of the Improvements completed as of the date this request: _____%

6. The Borrower certifies that monthly occupancy for the month preceding this Requisition was _____ as indicated by the **attached rent roll** which is true, correct and complete.

7. The Borrower certifies that net operating income for the month preceding this Requisition was _____, as indicated by the **attached operating statement**.

IN WITNESS WHEREOF, the undersigned has executed this Requisition as of the day and date first above written.

Date:_____

[BORROWER SIGNATURE BLOCK]

APPROVED:

OAK GROVE COMMERCIAL MORTGAGE, LLC
A DELAWARE LIMITED LIABILITY COMPANY

By: _____

Name:

Title

FINANCING AGREEMENT

among

AUSTIN HOUSING FINANCE CORPORATION,
as Issuer

THE BANK OF NEW YORK MELLON TRUST COMPANY. N.A.,
as Trustee

and

MARSHALL AFFORDABLE PARTNERS, LTD.,
as Borrower

Relating to

$[_____]

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Marshall Apartments),
Series 2011

Dated as of [_____]

All of the right, title and interest of the Austin Housing Finance Corporation (except for its Unassigned Rights) in and to this Financing Agreement are being assigned to The Bank of New York Mellon Trust Company, N.A., as Trustee, as security for the above-referenced bonds pursuant to a certain Trust Indenture dated as of [_____].

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EXHIBIT A—FORM OF BOND MORTGAGE NOTE

FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this "Financing Agreement"), made and entered into as of [_____], by and among the **Austin Housing Finance Corporation** (the "Issuer"), a housing finance corporation organized and created under the laws of the State of Texas (the "State"), **The Bank of New York Mellon Trust Company, N.A.**, a national banking association, duly organized and existing under the laws of the United States (together with any successor trustees appointed under the Indenture, the "Trustee"), and **Marshall Affordable Partners, Ltd.**, a limited partnership duly organized and created under the laws of the State of Alabama (together with its successors and assigns permitted hereunder, the "Borrower"),

W I T N E S S E T H:

WHEREAS, pursuant to Chapter 394 of the Texas Local Government Code, as amended (the "Act"), and the Trust Indenture dated as of [_____] (the "Indenture") between the Issuer and the Trustee, the Issuer has determined to issue its Multifamily Housing Revenue Bonds (Marshall Apartments), Series 2011 (the "Bonds") in the original aggregate principal amount of $[_____] to provide for the financing of a multifamily rental housing development located at 1157 Salina Street and 1401 East 12th Street in Austin, Texas known as Marshall Apartments (the "Project"); and

WHEREAS, the Issuer has agreed to use the proceeds of the sale of Bonds to make a mortgage loan in the principal amount of $[_____] (the "Bond Mortgage Loan") to the Borrower in connection with the Project on the terms specified in this Financing Agreement and upon the satisfaction of various conditions contained herein and in the Indenture; and

WHEREAS, the Borrower has agreed to use the proceeds of the Bond Mortgage Loan to finance the acquisition and rehabilitation of the Project [and to pay certain costs of issuance of the Bonds]; and

WHEREAS, the Borrower's repayment obligations in respect of the Bond Mortgage Loan will be evidenced by a Bond Mortgage Note dated [_____] (together with all riders and addenda thereto, the "Bond Mortgage Note") delivered to the Issuer, which Bond Mortgage Note will be endorsed by the Issuer to the Trustee pursuant to the Indenture; and

WHEREAS, the Borrower will cause to be delivered to the Trustee on the date of initial issuance of the Bonds (the "Delivery Date") a direct pay Credit Enhancement Agreement dated as of even date herewith (the "Credit Enhancement Agreement") between the Federal Home Loan Mortgage Corporation ("Freddie Mac" or the "Credit Facility Provider") and the Trustee which will provide for (a) draws in an amount equal to Guaranteed Payments with respect to the Bond Mortgage Loan and (b) the payment of the Purchase Price of the Bonds during any period the Bonds bear interest at the Variable Rate, to the extent there are insufficient remarketing proceeds to pay the Purchase Price of the Bonds tendered for purchase while the Bonds bear interest at a Variable Rate; and

WHEREAS, Oak Grove Commercial Mortgage, LLC (the "Servicer") shall act as initial servicer for the Bond Mortgage Loan; and

WHEREAS, to evidence the Borrower's reimbursement obligations to Freddie Mac for draws made under the Credit Enhancement Agreement, the Borrower and Freddie Mac will enter into a Reimbursement and Security Agreement dated as of even date herewith (the "Reimbursement Agreement"); and

WHEREAS, to secure the Borrower's obligations under the Bond Mortgage Note, the Borrower will execute and deliver to the Issuer a First Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing dated as of even date herewith (the "Bond Mortgage") with respect to the Project, which Bond Mortgage will be assigned to the Trustee pursuant to the Indenture; and

WHEREAS, to secure the Borrower's reimbursement obligations to Freddie Mac under the Reimbursement Agreement, the Borrower will execute and deliver to Freddie Mac on the Delivery Date a Second Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of even date herewith (the "Reimbursement Mortgage") with respect to the Project; and

WHEREAS, the Issuer, the Trustee and Freddie Mac have also entered into an Intercreditor Agreement dated as of even date herewith (the "Intercreditor Agreement") in connection with Freddie Mac's provision of credit enhancement;

NOW, THEREFORE, for and in consideration of the mutual covenants and representations hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. ***Definitions.*** All words and phrases (except for Event of Default) defined in the Indenture shall have the same meanings for the purposes of this Financing Agreement. In addition to the words and phrases defined in the Indenture and elsewhere herein, the following words and phrases shall have the following meanings:

"Event of Default" means any of those events specified in and defined by the applicable provisions of Article VII hereof to constitute an event of default.

"Financing Agreement" means this Financing Agreement, together with any amendments hereto.

"Taxes" means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether

any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

"Wrongful Dishonor" means the failure of the Credit Facility Provider to honor a draw made in accordance with the terms of the Credit Facility (which draw strictly complies with, and conforms to, the terms and conditions of the Credit Facility).

Section 1.2. ***Interpretation.*** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. References to Articles, Sections and other subdivisions of this Financing Agreement are the Articles, sections and other subdivisions of this Financing Agreement as originally executed.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Financing Agreement; the term "heretofore" means before the date of execution of this Financing Agreement; and the term "hereafter" means after the date of execution of this Financing Agreement.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1. ***Representations, Warranties and Covenants of the Issuer.*** The Issuer makes the following representations, warranties and covenants:

(a) The Issuer is a housing finance corporation organized and validly existing under the laws of the State.

(b) The Issuer has all necessary power and authority to issue the Bonds and to execute and deliver this Financing Agreement, the Indenture, and the other Bond Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The Issuer has taken all action on its part for the issuance of the Bonds and for the sale, execution and delivery thereof.

(d) Each of the Bond Financing Documents to which the Issuer is a party has been duly validly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

(e) The Issuer has complied with the provisions of the laws of the State, including, but not limited to, the Act, which are prerequisites to the consummation of the transactions on

the part of the Issuer described or contemplated in the Bond Financing Documents. The execution and delivery of the Bonds and the Bond Financing Documents to which the Issuer is a party, the consummation of the transactions on the part of the Issuer contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which the Issuer is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Issuer under the terms of any instrument or agreement.

(f) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by the Issuer of, and performance by the Issuer of its obligations under, the Bond Financing Documents.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Issuer, threatened against the Issuer by or before any court, governmental agency or public board or body, nor, to the Issuer's knowledge, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any member of the governing body of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Bond Financing Documents or the issuance, sale, execution or delivery of the Bonds; (iii) affects or questions the validity or enforceability of the Bonds or any Bond Financing Document; (iv) questions the tax-exempt status of the Bonds; or (v) questions the power or authority of the Issuer to perform its obligations under the Bonds or any Bond Financing Document, or to carry out the transactions contemplated by the Bonds and the Bond Financing Documents.

(h) No officer or other official of the Issuer has any personal financial interest in the Project or the Borrower or in the transactions contemplated by this Financing Agreement.

(i) Upon the discovery by the Issuer of any noncompliance by the Borrower with this Financing Agreement or the Tax Regulatory Agreement, the Issuer will notify the Trustee, the Servicer and the Credit Facility Provider of such noncompliance and will, subject to the provisions of Article VII hereof, promptly institute action, or cause the Trustee to institute action, to correct such noncompliance, will diligently pursue such action and will attempt to correct such noncompliance within sixty (60) days after such discovery, subject to the provisions of the Indenture, this Financing Agreement and the Tax Regulatory Agreement.

It is expressly acknowledged that the Issuer makes no representation as to the financial position or business condition of the Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the issuance, sale, execution and delivery of the Bonds, or as to the correctness, completeness or accuracy of such statements.

Section 2.2. ***Representations, Warranties and Covenants of the Borrower.*** The Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of the Borrower contained in this Financing

Agreement, are relied upon by the Issuer, the Servicer and the Trustee and serve as a basis for the undertakings of the Issuer, the Servicer and the Trustee contained in this Financing Agreement:

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the state in which it has been organized and duly qualified to conduct its business under the laws of the State and in every other state in which the nature of its business requires such qualification, has full legal right, power and authority to enter into this Financing Agreement and the Bond Financing Documents, and to carry out and consummate all transactions contemplated hereby and by the Bond Financing Documents, and by proper action has duly authorized the execution, delivery and performance of this Financing Agreement and the Bond Financing Documents. All corporate general partners, if any, of the Borrower are duly incorporated, organized and in good standing under the laws of their respective states of incorporation and are duly qualified to transact business in the State. All partnership general partners, if any, are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the State, are duly qualified to transact business in the State.

(b) The Borrower has the legal right, power and authority to (i) own its properties and assets, including, but not limited to, the Project, (ii) to carry on its business as now being conducted and the Borrower contemplates it to be conducted with respect to the Project and (iii) execute and deliver, carry out its obligations under, and close the transactions provided for in, the Bond Financing Documents to which it is a party.

(c) Each of the Bond Financing Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity;

(d) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained or those necessary to be obtained during the course of rehabilitation of the Project, is required for the due execution and delivery or approval, as the case may be, by the Borrower of, and the performance by the Borrower of its obligations under, the Bond Financing Documents.

(e) None of the execution and delivery of the Bond Financing Documents to which the Borrower is a party, the consummation of the transactions provided for in the Bond Financing Documents, or the Borrower's fulfillment of or compliance with the terms and conditions of the Bond Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over the Borrower, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which the Borrower is subject, or any of the organizational or other governing documents of the Borrower, (ii) conflicts or will conflict with any agreement, instrument or license to which the Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a

breach of, or constitutes or will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument or license, (iii) contravenes or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for any lien, charge or encumbrance permitted under the terms of the Bond Financing Documents.

(f) The Borrower shall not cause or permit the Project, or any interest therein, to be sold, assigned or transferred, except as provided in the Bond Financing Documents and shall not sell the Project or any interest therein or in its ownership structure for a period of six (6) months following the Delivery Date.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to the Borrower's knowledge, threatened against or affecting the Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of the Borrower to carry on its business substantially as now conducted and as contemplated by the Bond Financing Documents, (ii) adversely affect the financial condition of the Borrower, (iii) prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, or the loaning of the proceeds of the Bonds to the Borrower or the execution and delivery of the Bonds or any of the Bond Financing Documents, (iv) adversely affect the validity or enforceability of the Bonds or any of the Bond Financing Documents or, (v) adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(h) The Project and the operation of the Project (in the manner contemplated by the Bond Financing Documents) conform and, following completion of the rehabilitation of the Project, will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.

(i) The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(j) The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Bond Financing Documents or the operations of the Borrower or the enforceability of the Bond Financing Documents to which the Borrower is a party or the ability of the Borrower to perform all obligations thereunder.

(k) The Borrower agrees to pay all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.

(l) If the Borrower is a partnership, all of the partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests. If the Borrower is a limited liability company, all of the ownership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests. Nothing in this Financing Agreement shall prevent the Borrower from issuing additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(m) The representations and warranties of the Borrower contained in the Tax Certificate and Tax Regulatory Agreement are true and accurate in all material respects.

(n) The information, statements or reports furnished in writing to the Issuer or the Credit Facility Provider by the Borrower in connection with this Financing Agreement or the consummation of the transactions contemplated hereby (including, without limitation, any written information furnished by the Borrower in connection with the preparation of the Official Statement for the Bonds and of any other materials related to the issuance, delivery or offering of the Bonds on the Delivery Date) do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or the assumptions contained in any certificate of the Borrower delivered as of the Delivery Date are reasonable.

(o) To the knowledge of the Borrower, no commissioner, member, officer or employee of the Issuer has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Bond Financing Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Bond Financing Documents.

(p) The Borrower intends to hold the Project for its own account and has no current plans to sell, and has not entered into any agreement, to sell all or any portion of the Project.

(q) The Project is located wholly within the boundaries of Austin, Texas.

(r) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act.

(s) The information contained in the Official Statement, insofar as such information relates to the Borrower, the developer, the property manager and the Project, is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state a

material fact pertaining to the Borrower, the developer, the property manager and the Project necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(t) The Indenture and the Credit Enhancement Agreement have been submitted to the Borrower for examination, and the Borrower, by execution of this Financing Agreement, acknowledges and agrees that it has participated in the drafting of the Indenture and has reviewed the Credit Enhancement Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of the Borrower pursuant to, and shall have the rights set forth by the applicable terms and conditions of, the Indenture.

(u) The Borrower will have a fee simple interest in the land and improvements on the Project, subject only to liens permitted under the Bond Mortgage and the Reimbursement Mortgage.

Section 2.3. ***Representations and Warranties of the Trustee.*** The Trustee makes the following representations and warranties:

(a) The Trustee is a national banking association, duly organized and existing under the laws of the United States. The Trustee is duly authorized to act as a fiduciary and to execute the trust created by the Indenture, and meets the qualifications to act as Trustee under the Indenture.

(b) The Trustee has complied with the provisions of law which are prerequisite to the consummation of, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Financing Agreement and the other Bond Financing Documents to which it is a party, (ii) to perform its obligations under this Financing Agreement and the other Bond Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Financing Agreement and the other Bond Financing Documents to which it is a party.

(c) The Trustee has duly authorized (i) the execution and delivery of this Financing Agreement and the other Bond Financing Documents to which it is a party, (ii) the performance by the Trustee of its obligations under this Financing Agreement and the other Bond Financing Documents to which it is a party, and (iii) the actions of the Trustee contemplated by this Financing Agreement and the other Bond Financing Documents to which it is a party.

(d) Each of the Bond Financing Documents to which the Trustee is a party has been duly executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Trustee as a prerequisite to (i) the execution and delivery of this Financing Agreement and the other Bond Financing Documents to which the Trustee is a party (ii) the authentication or delivery of the Bonds, (iii) the performance by the Trustee of its obligations under this Financing Agreement and the other Bond Financing Documents to which it is a party, or (iv) the consummation of the transactions contemplated by this Financing Agreement and the other Bond Financing Documents to which the Trustee is a party. The Trustee makes no representation or warranty relating to compliance with any federal or state securities laws..

Section 2.4. ***Arbitrage and Rebate Fund Calculations.*** The Borrower shall (a) take or cause to be taken all actions necessary or appropriate in order to fully and timely comply with Section 4.12 of the Indenture, and (b) if required to do so under Section 4.12 of the Indenture, select at the Borrower's expense, a Rebate Analyst reasonably acceptable to the Issuer for the purpose of making any and all calculations required under Section 4.12 of the Indenture. Such calculations, if required, shall be made in the manner and at such times as specified in Section 4.12 of the Indenture. The Borrower shall cause the Rebate Analyst to provide such calculations to the Trustee and the Issuer at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Indenture and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

Section 2.5. ***Tax Covenants of the Borrower.*** The Borrower covenants to take such action as is required of it so that the Bonds are, and to refrain from any action which would cause the Bonds to not be, obligations described in Section 103 of the Code, the interest on which is not includable in the "gross income" of the holder (other than the income of a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code) for purposes of federal income taxation. In particular, but not by way of limitation thereof, the Borrower covenants as follows:

(a) to take such action to assure that the Bonds are "exempt facility bonds", as defined in Section 142(a) of the Code, at least 95 percent of the proceeds of which are used to provide "qualified residential rental projects" (within the meaning of said Section 142(a)(7) of the Code) or property functionally related and subordinate to such facilities;

(b) to comply with the terms and conditions of the Tax Regulatory Agreement including, without limiting the generality of any other covenant contained herein,

(c) assuring that at all times within the Qualified Project Period that 40 percent of the residential units in the Project will be occupied by persons whose income is 60 percent or less of area median gross income,

(d) obtaining annually from each tenant of a residential unit described in subsection (1) above, a certification of income to currently determine income compliance with the foregoing, and

(e) assuring that none of the residential units in the Project will be used for a purpose other than residential rental or that none of the units will be used as owner-occupied residences within the meaning of Section 143 of the Code;

(f) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code;

(g) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in Section 148(b)(2) of the Code) which produces a materially higher yield than the yield on the Bonds over the term of the Bonds, other than investment property acquired with --

(h) proceeds of the Bonds invested for a reasonable temporary period equal to 3 years or less until such proceeds are needed for the purpose for which the Bonds are issued,

(1) amounts invested in a bona fide debt service fund, within the meaning of Section 1.148-1(b) of the Regulations, and

(2) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the stated principal amount (or, in the case of Bonds issued at a discount), the issue price of the Bonds;

(i) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, to satisfy the requirements of Section 148 of the Code (relating to arbitrage);

(j) to use no more than two percent of the gross proceeds of the Bonds for the payment of costs of issuance;

(k) to use no portion of the proceeds of the Bonds to provide any airplane, sky-box or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises;

(l) to comply with the limitations imposed by Section 147(c) of the Code (relating to the limitation on the use of proceeds to acquire land) and Section 147(d) of the Code (relating to restrictions on the use of Bond proceeds to acquire existing buildings, structures or other property);

(m) to immediately remit to the Trustee for deposit in the Rebate Fund any deficiency with respect to the Rebate Amount as required by the Indenture;

(n) to provide to the Trustee, at such time as required by the Trustee, all information required by the Trustee with respect to Nonpurpose Investments not held in any fund under the Indenture; and

(o) to take such action to assure, the Project to be as described in the "Application of Private Activity Bonds" submitted by the Issuer on behalf of the Borrower to the Texas Bond

Review Board in order to receive an allocation of state volume cap as required by Section 146 of the Code.

(p) The Issuer agrees to submit such closing documents for the Bonds, in accordance with the rules of the Texas Bond Review Board, as may be necessary, or to take such other action as reasonably required, to cause the Texas Bond Review Board to provide the certificate of allocation for the Bonds under Section 146 of the Code.

(q) The Issuer and Borrower understand that the term "proceeds" includes "disposition proceeds" as defined in the Regulations and, in the case of refunding Bonds, Transferred Proceeds (if any) and proceeds of the refunded Bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer and the Borrower that the covenants contained in this Agreement are intended to assure compliance with the Code and Regulations. In the event that the Code is changed or regulations or rulings are hereafter promulgated, which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer and the Borrower will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized Bond Counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code. In the event that the Code is changed or regulations or rulings are hereafter promulgated, which impose additional requirements which are applicable to the Bonds, the Issuer and the Borrower each agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized Bond Counsel, to preserve the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code. 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 Bonds.

(r) The Issuer and the Borrower covenant that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer and the Borrower of cash or other compensation, unless (i) the Bonds are retired or (ii) the Issuer and the Borrower obtain an opinion of nationally-recognized Bond Counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds.

Section 2.6. ***Enforcement of Bond Financing Documents.*** The Trustee may enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of the Bond Financing Documents as and to the extent set forth therein.

ARTICLE III

THE BOND MORTGAGE LOAN

Section 3.1. ***Conditions to Funding the Bond Mortgage Loan.*** Upon initial delivery of the Bonds, the Issuer shall cause the Bond proceeds to be deposited with the Trustee in accordance with Section 2.11 of the Indenture and Section 3.3 hereof. The Trustee shall use

such proceeds as provided in Article II of the Indenture; provided that no such disbursements of proceeds of the Bonds shall be made until the following conditions have been met:

(a) The Borrower shall have executed and delivered to the Trustee the Bond Mortgage Note in the form attached hereto as Exhibit A, with only such changes therein as shall be approved in writing by the Credit Facility Provider;

(b) The Bond Mortgage and the Reimbursement Mortgage, with only such changes therein as shall be approved in writing by Credit Facility Provider, shall have been executed and delivered by the Borrower and delivered to the title company for recording in the appropriate office for officially recording real estate documents in the jurisdiction in which the Project is located (the "Recorder's Office");

(c) The Tax Regulatory Agreement shall have been executed and delivered by the parties thereto and shall have been delivered to the title company for recording in the Recorder's Office, and the Trustee shall have received evidence satisfactory to it of such delivery;

(d) The Credit Facility and all other Bond Financing Documents not listed above shall have been executed and delivered by all parties thereto and delivered to the Trustee; and

(e) The Borrower shall have delivered to the Trustee, the Issuer, the Servicer and the Credit Facility Provider a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.2 and an opinion of its counsel or other counsel satisfactory to the Trustee, the Issuer, the Servicer and the Credit Facility Provider.

Section 3.2. ***Terms of the Bond Mortgage Loan; Servicing.*** (a) The Bond Mortgage Loan shall (i) be evidenced by the Bond Mortgage Note; (ii) be initially secured by the Credit Facility and the Bond Mortgage; (iii) be in the principal amount of $[_____]; (iv) bear interest as provided in the Bond Mortgage Note; (v) provide for monthly payments into the Principal Reserve Fund in accordance with the Principal Reserve Schedule attached to the Reimbursement Agreement; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Bond Mortgage Note.

(b) The Servicer shall service the Bond Mortgage Loan pursuant to the Commitment and the *Guide*. The Issuer, the Trustee and the Borrower acknowledge and agree that (i) selection or removal of any Servicer is in the sole and absolute discretion of the Credit Facility Provider; (ii) neither the Issuer nor the Trustee shall terminate or attempt to terminate any Servicer as the servicer for the Bond Mortgage Loan or appoint or attempt to appoint a substitute servicer for the Bond Mortgage Loan; (iii) the Commitment and the *Guide* are each subject to amendment without the consent of the Trustee, the Issuer or the Borrower; and (iv) none of the Trustee, the Issuer or the Borrower shall have any rights under, or be a third party beneficiary of, the *Guide*. The Servicer shall have the right to collect all payments made by the Borrower in connection with the Bond Mortgage Loan and to receive copies of all reports and notices provided for by the Bond Financing Documents.

Section 3.3. ***Initial Deposits.*** On the Delivery Date, proceeds of the Bonds in the amount of $_____ shall be deposited in the Project Account of the Bond Mortgage Loan Fund [and $_____ shall be deposited in the Cost of Issuance Fund]. The Borrower will deposit with the Trustee the sum of $ _____ for credit to the Cost of Issuance Fund and $ _____ for credit to the Borrower Equity Account of the Bond Mortgage Loan Fund. Subject to the conditions listed in Section 3.1 hereof, amounts on deposit in the Bond Mortgage Loan Fund are to be disbursed to the Borrower or otherwise as provided in Section 2.11(d) of the Indenture.

To the extent that amounts in the Cost of Issuance Fund from the above-mentioned sources are insufficient to pay all costs of issuing the Bonds, the Borrower shall cause the payment of such additional costs of issuing the Bonds to be made on its behalf as such amounts become due.

Section 3.4. ***Assignment to Trustee.*** The parties hereto acknowledge, and the Borrower consents to, the assignment by the Issuer to the Trustee pursuant to the Indenture of all of the Issuer's right, title and interest in this Financing Agreement (excluding the Unassigned Rights), the Bond Mortgage Loan, the Bond Mortgage, the Revenues and the Credit Facility as security for the payment of the Purchase Price of, principal of, premium, if any, and interest on the Bonds and the payment of the Freddie Mac Credit Enhancement Fee and Freddie Mac Reimbursement Amount.

Section 3.5. ***Investment of Funds.*** Except as otherwise provided in the Indenture, any money held as a part of any fund or account established under the Indenture shall be invested or reinvested by the Trustee in Qualified Investments in accordance with Section 4.08 of the Indenture.

Section 3.6. ***Damage; Destruction and Eminent Domain.*** If, prior to payment in full of the Bonds, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and the Issuer, the Borrower, the Trustee or the Servicer receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Bond Mortgage Loan Documents and the Indenture.

Section 3.7. ***Continuing Disclosure Requirements.*** The Borrower hereby covenants and agrees that, at least 30 days prior to any time the Bonds are to bear interest at a Reset Rate or Fixed Rate, it will promptly execute and deliver to the Trustee and the Issuer a continuing disclosure agreement complying with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"), or deliver to the Trustee and the Issuer an opinion of counsel to the effect that the requirements of the Rule are not triggered by the change in interest rate mode. Notwithstanding any other provision of this Financing Agreement, failure of the Borrower to comply with any continuing disclosure agreement shall not be considered an Event of Default hereunder; however, the Trustee, at the written request of the Remarketing Agent or any underwriter of the Bonds required to comply with the Rule or the Owners of at least 25% aggregate principal amount in Outstanding Bonds or the Credit Facility Provider, shall, but only

to the extent indemnified to its satisfaction, or any Bondholder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower to comply with its obligations under this Section.

ARTICLE IV

LOAN PAYMENTS

Section 4.1. ***Payments Under the Bond Mortgage Note; Independent Obligation of Borrower.***

(a) The Borrower agrees to repay the Bond Mortgage Loan at the times and in the amounts necessary to enable the Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds, when due, whether at maturity or upon redemption (with premium, if applicable), acceleration, tender, purchase or otherwise. The obligation of the Borrower to make the payments set forth in this Article IV shall be an independent and separate obligation of the Borrower from its obligation to make payments under the Bond Mortgage Note, provided that in all events payments made by the Borrower under and pursuant to the Bond Mortgage Note shall be credited against the Borrower's obligations hereunder on a dollar for dollar basis. If for any reason the Bond Mortgage Note or any provision of the Bond Mortgage Note shall be held invalid or unenforceable against the Borrower by any court of competent jurisdiction, the Bond Mortgage Note or such provision of the Bond Mortgage Note shall be deemed to be the obligation of the Borrower pursuant to this Financing Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of the Borrower's payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Bond Mortgage Note.

(b) The obligations of the Borrower to repay the Bond Mortgage Loan, to perform all of its obligations under the Bond Mortgage Loan Documents, to provide indemnification pursuant to Section 6.1 hereof, to pay costs, expenses and charges pursuant to Section 4.2 hereof and to make any and all other payments required by this Financing Agreement, the Indenture or any other documents contemplated by this Financing Agreement or by the Bond Mortgage Loan Documents shall, subject to the limitations set forth in Section 5.1 hereof, be absolute and unconditional and shall not be subject to diminution by setoff, recoupment, counterclaim, abatement or otherwise. Any payments made by the Borrower under any Hedge Agreement shall not reduce or otherwise affect the Borrower's obligations to repay the Bond Mortgage Loan. The Borrower shall remain liable to make all payments necessary hereunder to repay the Bond Mortgage Loan notwithstanding the payment by the Borrower under any Hedge Agreement.

(c) Notwithstanding anything contained in any other provision of this Financing Agreement to the contrary (but subject to the provisions of Section 5.1 hereof and the Intercreditor Agreement), the following obligations of the Borrower shall be and remain the joint and several full recourse obligations of the Borrower and [each of] the Borrower's [general partner[s]][managing member[s]], payable from and enforceable against any and all income, assets and properties of the Borrower: (i) the Borrower's obligations to the Issuer and the Trustee

under Section 4.2(b)(ii), (iv), (vi), and (vii) of this Financing Agreement; (ii) the Borrower's obligations under Section 6.1 of this Financing Agreement; (iii) the Borrower's obligation to pay any and all rebate amounts that may be or become owing with respect to the Bonds as provided in this Financing Agreement and the Tax Certificate; and (iv) the Borrower's obligation to pay legal fees and such expenses under Section 7.4 of this Financing Agreement.

Section 4.2. ***Payment of Certain Fees and Expenses Under the Bond Mortgage Note.***

(a) In addition to the payments set forth in Section 4.1, payments to be made by the Borrower under the Bond Mortgage Note include certain money to be paid in respect of, among others, the Bond Fee Component, the Ordinary Servicing Fees and Expenses, the Freddie Mac Credit Enhancement Fee, the Principal Reserve Schedule Payments pursuant to Section 4.6 hereof, any annual rating maintenance fees of the Rating Agency and amounts required to be deposited in any Custodial Escrow Account pursuant to the Bond Mortgage Loan Documents, as set forth in subsection (b). To the extent that any portion of the Bond Fee Component, the Ordinary Servicing Fees and Expenses, the Freddie Mac Credit Enhancement Fee, the Principal Reserve Schedule payments pursuant to Section 4.6 hereof, any annual rating maintenance fees of the Rating Agency and amounts required to be deposited in a Custodial Escrow Account remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Indenture or from other money of the Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of the Borrower as provided in subsection (b).

(b) The Borrower shall pay (or cause to be paid by the Trustee, to the extent paid from money on deposit in the Administration Fund or the Cost of Issuance Fund, as applicable), in consideration of the funding of the Bond Mortgage Loan, the following fees, expenses and other money payable in connection with the Bond Mortgage Loan:

(i) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to Freddie Mac, the closing fee of Freddie Mac set forth in Section 3.1 of the Reimbursement Agreement, together with all third party and out-of-pocket expenses of Freddie Mac (including but not limited to the fees and expenses of counsel to Freddie Mac) in connection with the Bond Mortgage Loan and the Credit Enhancement Agreement.

(ii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Issuer, an initial financing fee in an amount equal to 50 basis points, together with all third party and out-of-pocket expenses of the Issuer (including but not limited to the fees and expenses of counsel to the Issuer) in connection with the Bond Mortgage Loan and the issuance of the Bonds.

(iii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Servicer, its commitment fees and application fees, together with all

third party and out of pocket expenses of the Servicer (including but not limited to the fees and expenses of counsel to the Servicer) in connection with the Bond Mortgage Loan.

(iv) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Trustee, an acceptance fee in an amount equal to $[_____], together with all third party and out-of-pocket expenses of the Trustee (including but not limited to the fees and expenses of counsel to the Trustee) in connection with the Bond Mortgage Loan and the issuance of the Bonds.

(v) From money of the Borrower, to the Trustee, within two (2) Business Days of receipt from the Trustee of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Indenture, the amount of any such deficiency in the Administration Fund.

(vi) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Trustee, the Ordinary Trustee's Fees and Expenses and the Extraordinary Trustee's Fees and Expenses when due from time to time.

(vii) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Issuer, the Issuer Fee when due and any extraordinary expenses not covered by the Issuer Fee the Issuer may incur in connection with the Bond Financing Documents or the Project from time to time.

(viii) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Indenture and this Financing Agreement when due from time to time.

(ix) From amounts withheld by the Servicer as provided in the Guide, to Freddie Mac, the Freddie Mac Credit Enhancement Fee due from time to time.

(x) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to Freddie Mac, the amount of any Freddie Mac Reimbursement Amount due and owing from time to time but unpaid and any portion of the Freddie Mac Credit Enhancement Fee remaining unpaid as provided in Section 4.06 of the Indenture.

(xi) From amounts withheld by the Servicer as provided in the Guide, to the Servicer, the Ordinary Servicing Fees and Expenses due from time to time.

(xii) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the

Servicer, the amount of any portion of the Ordinary Servicing Fees and Expenses remaining unpaid and any Extraordinary Servicing Fees and Expenses.

(xiii) From amounts withheld by the Servicer as provided in the Guide, to the Servicer, the amounts required to be deposited in a Custodial Escrow Account pursuant to the Bond Mortgage Loan Documents from time to time.

(xiv) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Servicer, the amounts required to be deposited in the Custodial Escrow Account remaining unpaid.

(xv) From money on deposit in the Administration Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Remarketing Agent, the Remarketing Agent's Fees remaining unpaid.

(xvi) From money on deposit in the Administration Fund, or to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Rating Agency, the annual rating maintenance fee, if any, of the Rating Agency.

(xvii) From money of the Borrower on the Delivery Date, the Costs of Issuance Deposit.

(xviii) From money of the Borrower on the Delivery Date, the Borrower Equity Deposit.

Section 4.3. ***Payments to Rebate Fund.*** The Borrower shall pay when due to the Trustee at the Principal Office of the Trustee any amount required to be deposited in the Rebate Fund in accordance with Section 4.12 of the Indenture.

Section 4.4. ***Prepayment of Bond Mortgage Loan.*** The Borrower shall have the option to prepay the Bond Mortgage Loan in full or in part prior to the payment and discharge of all the outstanding Bonds in accordance with the provisions of the Indenture, this Financing Agreement and the Bond Mortgage Note, and only with the prior written consent of the Credit Facility Provider and the payment of any amount due under the next succeeding paragraph. The Borrower shall be required to prepay the Bond Mortgage Loan in each case that Bonds are required to be redeemed in accordance with the terms and conditions set forth in the Indenture.

The Bonds are subject to redemption in accordance with the terms and conditions set forth in the Indenture. In connection with any prepayment, whether optional or mandatory, in addition to all other payments required under the Bond Mortgage Note, the Borrower shall pay, or cause to be paid to the Servicer or other party as directed by the Credit Facility Provider (or, if no Credit Facility is then in effect, to the Trustee), an amount sufficient to pay the redemption price of the Bonds to be redeemed, including principal, interest and premium (if any), such premium to be paid with Eligible Funds not consisting of funds drawn under the Credit Facility, and further including any interest to accrue with respect to the Bond Mortgage Loan and such Bonds between the prepayment date and the redemption date, together with a sum sufficient to

pay all fees, costs and expenses in connection with such redemption and, in the case of redemption in whole, to pay all other amounts payable under this Financing Agreement, the Indenture and the Reimbursement Agreement. The Borrower shall provide notice of the prepayment to the Issuer, the Trustee, the Remarketing Agent, the Credit Facility Provider and the Servicer in writing forty-five (45) days, or such shorter time as is possible in the case of mandatory prepayments, prior to the date on which the Borrower will make the prepayment. Each such notice shall state, to the extent such information is available, (a) the amount to be prepaid, (b) the date on which the prepayment will be made by the Borrower, and (c) the cause for the prepayment, if any.

Section 4.5. ***Borrower's Obligations Upon Redemption or Tender.*** In the event of any redemption, the Borrower will timely pay, or cause to be paid through the Servicer, to the Trustee an amount equal to the principal amount of such Bonds or portions thereof called for redemption, together with interest accrued to the redemption date and premium, if any, such premium to be paid with Eligible Funds not consisting of funds drawn under the Credit Facility. In addition, the Borrower will timely pay all fees, costs and expenses associated with any redemption of Bonds. In the event that on any optional tender date or mandatory tender date under and as provided in Sections 10.01, 10.02 or 3.06 of the Indenture, Bonds are tendered and not remarketed by the Remarketing Agent, and remarketing proceeds are not available for the purpose of paying the purchase price of such Bonds, the Borrower will cause to be paid, under and subject to the terms of the Credit Facility and the Reimbursement Agreement, to the Trustee by the applicable times provided in the Indenture an amount equal to the principal amount of such Bonds tendered and not remarketed, together with interest accrued thereon to the optional tender date or mandatory tender date, as the case may be. The Borrower acknowledges that Purchased Bonds will be purchased by the Trustee for and on behalf of, and registered in the name of, the Borrower and will be pledged to the Credit Facility Provider pursuant to the Pledge Agreement.

Section 4.6. ***Principal Reserve Fund.*** The Borrower shall make payments to the Servicer for remittance to the Trustee for deposit into the Principal Reserve Fund at the times and in the amounts set forth in the Reimbursement Agreement. Amounts on deposit in the Principal Reserve Fund shall be applied as provided in the Indenture.

Amounts on deposit in the Principal Reserve Fund shall not be credited against the principal amount of the Bond Mortgage Note or be deemed to be interest payments on the Bond Mortgage Loan until the date such amounts are withdrawn from the Principal Reserve Fund and used to reimburse the Credit Facility Provider for amounts paid under the Credit Facility to redeem or otherwise pay principal of or interest on the Bonds.

Section 4.7. ***Special Projects Fund.***

Notwithstanding the terms set forth below in this Section 4.7, with respect to (c) and (b) immediately below the parties agree that, to the extent that the Texas Department of Housing and Community Affairs, its successors and/or assigns (the "State Agency"), impose requirements which by their nature are substantially similar to Special Projects and impose on the Borrower a financial burden similar to that imposed by the Special Projects Funds, Borrower shall receive a

dollar for dollar credit against the amounts which it otherwise would be required to use as Special Project Funds in connection with this transaction.

(a) The Borrower covenants that it shall use Special Projects Funds solely for Special Projects and shall cause to be included in its annual audited financial statement or such other document supplied by an independent certified public accountant an itemized statement of the date the Special Projects Funds were used, the Special Project for which the Special Projects Funds were used, and, in the case of tangible property, the location of such property (the "Special Projects Statement"). The Borrower shall not be in default of the covenants set forth in this Section 4.7 if Special Projects Funds continue to be identified as an asset in the audited financial statement; provided however that the Borrower covenants that it will expend all Special Projects Funds on Special Projects within three (3) years of the discharge of all Bonds in accordance with Article VII, the terms of the Indenture. Furthermore, in the event that the Borrower has expended more than Special Projects Funds on Special Projects with revenues of the Development, then there shall be an equitable adjustment in any succeeding year to offset the excess use of Development Revenues on Special Projects.

(b) In the event the Special Projects Statement shows that Special Projects Funds were used for purposes other than Special Projects, the Borrower shall increase the amount of Special Projects Funds for the next succeeding fiscal year by decreasing the agreed upon return on Gross Revenues by the amount of Special Projects Funds that was used for purposes other than Special Projects. In the event that the Special Projects Statement for such next succeeding fiscal year shows that Special Projects Funds were used for purposes other than Special Projects, the Borrower shall in the next succeeding fiscal year make a payment to the Issuer out of Special Projects Funds for such fiscal year in the amount of the non-Special Project uses reported in the immediately preceding Special Projects Statements.

(c) The Issuer, the Borrower, and the Trustee agree that (i) failure by the Borrower to abide by the covenants in this Section 4.7 shall not constitute an Event of Default, but that the Issuer may seek a mandamus action in a court of competent jurisdiction and (ii) money held in the Trust Estate or otherwise used to pay principal of and interest on the Bonds, to fund reserves herein or pay Operating and Maintenance Expenses shall not be used for any payment relating to this Section 4.7.

ARTICLE V

SPECIAL COVENANTS OF BORROWER

Section 5.1. ***Performance of Obligations.*** The Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Bond Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

Except with respect to the obligations of the Borrower set forth in Sections 2.4, 2.5, 4.2(b)(ii), (iv), (vi), and (vii), 6.1 and 7.4, but otherwise notwithstanding any other provisions of this Financing Agreement, the obligations of the Borrower under this Financing Agreement are non-recourse liabilities of the Borrower. However, nothing in this Section shall limit the right of

the Issuer, the Trustee, the Servicer or the Credit Facility Provider to proceed against the Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket attorneys' fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Financing Agreement or the other Bond Financing Documents. In any action or proceeding brought with respect to the Bond Mortgage Loan or the Bonds, no deficiency or other money judgment shall be enforced against the Borrower or any partner of the Borrower or any successor or assign of the Borrower, and any judgment obtained shall be enforced only against the Project and other property of the Borrower encumbered by the Bond Mortgage Loan Documents and not against the Borrower or any partner of the Borrower or any successor or assign of the Borrower. Nothing in this Section shall limit any right that the Servicer or the Credit Facility Provider may have to enforce the Bond Mortgage Note, the Bond Mortgage, or any other Bond Mortgage Loan Document in accordance with their terms.

Section 5.2. ***Compliance With Applicable Laws.*** All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

Section 5.3. ***Indenture Provisions.*** The execution of this Financing Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower. Whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower shall carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

Section 5.4. ***Alternate Credit Facility.*** The Borrower, with the prior written confirmation of the Credit Facility Provider that the provisions of the Reimbursement Agreement have been satisfied (but without the consent of the Issuer, the Trustee or the Bondholders), may, on any Interest Payment Date during a Variable Period, on any Reset Adjustment Date, or any Variable Rate Adjustment Date and on the Fixed Rate Adjustment Date (but no later than thirty (30) days prior to the expiration date of the Credit Facility unless an irrevocable commitment to extend the existing Credit Facility has been delivered to the Trustee satisfying the requirements of the Indenture, if applicable), and, following the beginning of a Reset Period, on any Interest Payment Date occurring after the Bonds may first be optionally redeemed at a price of not greater than par plus accrued interest to the redemption date and subject to the terms of the existing Credit Facility and Reimbursement Agreement, arrange for the delivery to the Trustee of an Alternate Credit Facility in substitution for the Credit Facility then in effect (referred to in this Section 5.4 as "credit support") and, if applicable, for payment of the Purchase Price of Bonds delivered or deemed delivered in accordance with Article X of the Indenture (referred to in this Section 5.4 as "liquidity support"); provided that, without the consent of the Borrower (and without the consent of the Issuer, the Trustee or the Bondholders), the Credit Facility Provider may provide any other form of "credit support" or "liquidity support" (or combination thereof) issued by the Credit Facility Provider in substitution for then existing Credit Facility if (A) the conditions of Section 8.05 of the Indenture are satisfied or (B)(i) the Rating Agency confirms in writing that such substitution will not adversely affect the current rating on the Bonds, (ii) the

Credit Facility Provider delivers to the Issuer and the Trustee an opinion of counsel satisfying the requirements of subsection (c) of this Section and (iii) such substitute "credit support" or "liquidity support"(or combination thereof) does not increase the amounts required to be paid by, or other obligations of, the Borrower. Any Alternate Credit Facility shall satisfy the following conditions, as applicable:

(a) An Alternate Credit Facility may be issued to provide only credit support or only liquidity support so long as a separate Credit Facility provides, at all times while such Alternate Credit Facility is in effect, complementary credit support or liquidity support, as the case may be, so that at all times while any of the Bonds bear interest at the Variable Rate or the Reset Rate such Bonds shall be entitled to credit support and to the liquidity support required by such mode; provided that in no event shall Freddie Mac be obligated to provide only liquidity or credit support if any Person other than Freddie Mac provides either liquidity or credit support. During the Fixed Rate Period, the Bonds shall be entitled to credit support only and no Alternate Credit Facility may be provided.

(b) The Alternate Credit Facility shall (i) be in an amount equal to the aggregate principal amount of the Bonds Outstanding from time to time plus the Interest Requirement (or otherwise provide coverage satisfactory to the Rating Agency); (ii) provide for payment in immediately available funds to the Trustee upon receipt of the Trustee's request for such payment with respect to any Interest Payment Date, purchase date (if applicable) or extraordinary mandatory redemption date pursuant to the Indenture; (iii) if the Alternate Credit Facility is provided to secure Bonds during a Reset Period, provide an expiration date no earlier than the earliest of (A) the day following the Reset Adjustment Date immediately succeeding the Reset Period; (B) ten (10) days after the Trustee receives notice from the Credit Facility Provider of an Event of Default hereunder or a default under and as defined in the Reimbursement Agreement and a direction to redeem all Outstanding Bonds; (C) the date on which all Bonds are paid in full and the Indenture is discharged in accordance with its terms; and (D) the date on which the Bonds become secured by an Alternate Credit Facility in accordance with the terms of the Indenture and the Reimbursement Agreement; (iv) unless waived by the Issuer in its sole discretion, result in the Bonds receiving a long-term rating or short-term rating, or both, as applicable for the mode then in effect, for the long term rating in one of the two highest rating categories of the Rating Agency without regard to pluses or minuses, and for the short term rating in the highest rating category of the Rating Agency without regard to pluses or minuses; and (v) have a stated expiration or termination date not sooner than one year following its effective date.

(c) In connection with the delivery of an Alternate Credit Facility, the Trustee must receive (i) an opinion of counsel to the Credit Facility Provider issuing the Alternate Credit Facility, in form and substance satisfactory to the Issuer and the Trustee, relating to the due authorization and issuance of the Alternate Credit Facility, its enforceability, that the statements made relating to the Alternate Credit Facility and Reimbursement Agreement contained in any disclosure document or supplement to the existing disclosure document related to the Bonds are true and correct, that the Alternate Credit Facility is not required to be registered under the Securities Act of 1933, as amended and, if required by the Rating Agency, that payments made by the Credit Facility Provider pursuant to the Credit Facility will not be voidable under Section

547 of the Bankruptcy Code and would not be prevented by the automatic stay provisions of Section 362(a) of the Bankruptcy Code, in the context of a case or proceeding by or against the Borrower, a [general partner][managing member] of the Borrower or by the Issuer under the Bankruptcy Code; (ii) an Opinion of Bond Counsel to the effect that the substitution of such Alternate Credit Facility will not adversely affect the exclusion from gross income, for federal income tax purposes, of the interest payable on the Bonds; and (iii) the delivery of a continuing disclosure agreement if required by Section 3.7.

Section 5.5. ***Borrower to Maintain Its Existence; Certification of No Default.***

(a) The Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.

(b) In addition to performing all other similar requirements under the Bond Financing Documents to which the Borrower is a party, the Borrower shall, within 30 days after the end of each calendar year, render to the Trustee a certificate executed by an Authorized Officer of the Borrower to the effect that the Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Bond Financing Documents to which the Borrower is a party and that, to the best of the Borrower's knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Bond Financing Document) under any of the Bond Financing Documents.

Section 5.6. ***Borrower to Remain Qualified in State and Appoint Agent.*** The Borrower will remain duly qualified to transact business in the State and will maintain an agent in the State on whom service of process may be made in connection with any actions against the Borrower.

Section 5.7. ***Sale or Other Transfer of Project.*** Subject to the Intercreditor Agreement, the Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Bond Mortgage Loan Documents and upon receipt of the prior written consent of the Issuer and Credit Facility Provider.

Section 5.8. ***Right to Perform Borrower's Obligations.*** In the event the Borrower fails to perform any of its obligations under this Financing Agreement, the Issuer, the Trustee and/or the Servicer, after giving requisite notice, if any, and subject to the Intercreditor Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Issuer, the Trustee or the Servicer shall become an additional obligation of the Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Bond Mortgage Loan Documents.

Section 5.9. ***Notice of Certain Events.*** The Borrower shall promptly advise the Issuer, the Trustee and the Servicer in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.10. ***Survival of Covenants.*** The provisions of Sections 2.4, 2.5, 4.2, 4.3, 6.1 and 7.4 of this Financing Agreement shall survive the expiration or termination of this Financing Agreement and, with regard to the Trustee, the resignation or removal of the Trustee.

Section 5.11. ***Access to Project; Records.*** Subject to reasonable notice, the Issuer, the Trustee, the Servicer and the Credit Facility Provider, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours to enter the Project and any other location containing the records relating to the Borrower, the Project, the Bond Mortgage Loan and the Borrower's compliance with the terms and conditions of the Bond Financing Documents, and to inspect and audit any and all of the Borrower's records or accounts pertaining to the Borrower, the Project, the Bond Mortgage Loan and the Borrower's compliance with the terms and conditions of the Bond Financing Documents, and shall have the right to require the Borrower, at the Borrower's sole expense, to furnish such documents to the Issuer, the Trustee, the Servicer and the Credit Facility Provider, as the Issuer, the Trustee, the Servicer or the Credit Facility Provider, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Bond Financing Documents have been complied with and to make copies of any records that the Issuer, the Trustee, the Servicer or the Credit Facility Provider or the respective duly authorized agents of each, may reasonably require. The Borrower shall make available to the Issuer, the Trustee, the Servicer and the Credit Facility Provider, such information concerning the Project, the Bond Mortgage and the Bond Financing Documents as any of them may reasonably request.

Section 5.12. ***Regulatory Agreement.*** The covenants of the Borrower in the Tax Regulatory Agreement shall be deemed to constitute covenants of the Borrower running with the land and an equitable servitude for the benefit of the owners of the Bonds and shall be binding upon any owners of the Project until such time as such restrictions expire as provided in the Tax Regulatory Agreement. The Borrower covenants to file of record the Tax Regulatory Agreement and such other documents and take such other steps as are necessary in order to assure that the restrictions contained in the Tax Regulatory Agreement will, subject to the terms of the Tax Regulatory Agreement, be binding upon all owners of the Project. The Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the Tax Regulatory Agreement. Subject to the provisions of the Intercreditor Agreement, the Issuer and the Trustee shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of the Borrower contained in the Tax Regulatory Agreement or this Financing Agreement.

Section 5.13. ***Damage, Destruction and Condemnation.*** If prior to full payment of the Bonds (or provision for payment of the Bonds in accordance with the provisions of the Indenture) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Financing Agreement

and in the Bond Mortgage Note to the extent the Bond Mortgage Loan is not prepaid in accordance with the terms of the Bond Mortgage Loan Documents.

Section 5.14. ***Obligation of the Borrower To Acquire and Rehabilitate the Project.*** The Borrower shall proceed with reasonable dispatch to complete the acquisition, rehabilitation, development and equipping of the Project. If amounts on deposit in the Bond Mortgage Loan Fund designated for the Project and available to be disbursed to the Borrower are not sufficient to pay the costs of such acquisition, rehabilitation, development and equipping, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Issuer, the Trustee, the Servicer, the Credit Facility Provider or the Bondholders in respect of any such costs or to any diminution or abatement in the repayment of the Bond Mortgage Loan. Neither of the Trustee nor the Issuer makes any representation or warranty, either express or implied, that money, if any, which will be paid into the Bond Mortgage Loan Fund or otherwise made available to the Borrower will be sufficient to complete the Project, and neither of the Trustee nor the Issuer shall be liable to the Borrower, the Bondholders or any other person if for any reason the Project is not completed.

Section 5.15. ***Filing of Financing Statements.*** The Borrower shall file or record or cause to be filed or recorded on or prior to the Delivery Date all financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests relating to the priority of the Bond Mortgage Loan, the Trust Estate and the Bond Mortgage, and the rights and powers of the Issuer, the Trustee and the Credit Facility Provider in connection with such security interests.

ARTICLE VI

INDEMNIFICATION

Section 6.1. ***Indemnification.*** THE BORROWER SHALL INDEMNIFY AND HOLD HARMLESS THE CITY, THE ISSUER AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, OFFICIALS, EMPLOYEES, AGENTS, ATTORNEYS, ACCOUNTANTS, ADVISORS, CONSULTANTS AND SERVANTS, PAST, PRESENT OR FUTURE (EACH AN "INDEMNIFIED PARTY"), FROM AND AGAINST (A) ANY AND ALL CLAIMS BY OR ON BEHALF OF ANY PERSON ARISING FROM ANY CAUSE WHATSOEVER IN CONNECTION WITH THE BOND MORTGAGE LOAN, ANY OF THE BOND FINANCING DOCUMENTS, THE PROJECT, THE REMARKETING AGREEMENT OR THE ISSUANCE, OFFERING, SALE OR REMARKETING OF THE BONDS; (B) ANY AND ALL CLAIMS ARISING FROM ANY ACT OR OMISSION OF THE BORROWER OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES OR LICENSEES IN CONNECTION WITH THE BOND MORTGAGE LOAN, ANY OF THE BOND FINANCING DOCUMENTS, THE PROJECT, THE REMARKETING AGREEMENT OR THE ISSUANCE, OFFERING, SALE OR REMARKETING OF THE BONDS; AND (C) ALL COSTS, COUNSEL FEES, EXPENSES OR LIABILITIES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR PROCEEDING BROUGHT THEREON.

THE BORROWER ALSO SHALL PAY AND DISCHARGE AND SHALL INDEMNIFY AND HOLD HARMLESS THE CITY, THE ISSUER AND THE TRUSTEE

FROM (A) ANY LIEN OR CHARGE UPON PAYMENTS BY THE BORROWER TO THE ISSUER AND THE TRUSTEE HEREUNDER, AND (B) ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES OTHER THAN INCOME AND OTHER SIMILAR TAXES IN RESPECT OF ANY PORTION OF THE PROJECT. IF ANY SUCH CLAIM IS ASSERTED, OR ANY SUCH LIEN OR CHARGE UPON PAYMENTS, OR ANY SUCH TAXES, ASSESSMENTS, IMPOSITIONS OR OTHER CHARGES OTHER THAN INCOME AND OTHER SIMILAR TAXES, ARE SOUGHT TO BE IMPOSED, THE CITY, THE ISSUER AND THE TRUSTEE SHALL GIVE PROMPT NOTICE TO THE BORROWER AND THE BORROWER SHALL HAVE THE SOLE RIGHT AND DUTY TO ASSUME, AND WILL ASSUME, THE DEFENSE THEREOF, WITH FULL POWER TO LITIGATE, COMPROMISE OR SETTLE THE SAME IN ITS SOLE DISCRETION.

THIS INDEMNIFICATION SHALL EXTEND TO AND INCLUDE, WITHOUT LIMITATION, ALL COSTS, COUNSEL FEES, EXPENSES OR LIABILITIES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR PROCEEDING BROUGHT WITH RESPECT TO SUCH CLAIM, EXCEPT:

(I) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF TRUSTEE AND ANY OF ITS INDEMNIFIED PARTIES, TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PERSON;

(II) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF THE CITY AND THE ISSUER AND ANY OF ITS INDEMNIFIED PARTIES, TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE WILLFUL MISCONDUCT OF SUCH PERSON; AND

(III) SUCH INDEMNIFICATION SHALL NOT INCLUDE CLAIMS ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION THAT OCCURS AFTER THE BORROWER CEASES TO OWN THE PROJECT.

IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST ANY INDEMNIFIED PARTY WITH RESPECT TO WHICH INDEMNITY MAY BE SOUGHT UNDER THIS ARTICLE, THE BORROWER, UPON WRITTEN NOTICE FROM THE INDEMNIFIED PARTY, WILL ASSUME THE INVESTIGATION AND DEFENSE OF THE ACTION OR PROCEEDING, INCLUDING THE ENGAGEMENT OF COUNSEL SELECTED BY THE BORROWER, SUBJECT TO THE APPROVAL OF THE INDEMNIFIED PARTY IN SUCH PARTY'S SOLE DISCRETION, AND SHALL ASSUME THE PAYMENT OF ALL EXPENSES RELATED TO THE ACTION OR PROCEEDING, WITH FULL POWER TO LITIGATE, COMPROMISE OR SETTLE THE SAME IN ITS SOLE DISCRETION; PROVIDED, HOWEVER, THAT THE INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO REVIEW AND APPROVE OR DISAPPROVE ANY SUCH COMPROMISE OR SETTLEMENT. EACH INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO ENGAGE SEPARATE COUNSEL IN ANY SUCH ACTION OR PROCEEDING AND PARTICIPATE IN THE INVESTIGATION AND DEFENSE OF SUCH ACTION OR PROCEEDING, AND THE BORROWER SHALL PAY THE REASONABLE FEES AND EXPENSES OF SUCH SEPARATE COUNSEL IF (I) THE INDEMNIFIED PARTY DETERMINES THAT A CONFLICT EXISTS BETWEEN THE INTERESTS OF THE

INDEMNIFIED PARTY AND THE INTERESTS OF THE BORROWER OR (II) SUCH SEPARATE COUNSEL IS ENGAGED WITH THE APPROVAL OF THE BORROWER, WHICH APPROVAL SHALL NOT BE UNREASONABLY WITHHELD, CONDITIONED OR DELAYED.

THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS FINANCING AGREEMENT.

Section 6.2. ***Limitation With Respect to the Credit Facility Provider.*** Notwithstanding anything in this Financing Agreement to the contrary, in the event that the Credit Facility Provider shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan, the Credit Facility Provider shall not be liable for any breach or default of any prior owner of the Project under this Financing Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that the Credit Facility Provider is the owner of the Project. Accordingly, during any period that the Credit Facility Provider owns the Project and that this Article VI is applicable to the Credit Facility Provider, the Credit Facility Provider's obligations under this Article VI shall be limited to acts and omissions of the Credit Facility Provider occurring during the period of the Credit Facility Provider's ownership of the Project

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. ***Events of Default.*** The following shall be "Events of Default" under this Financing Agreement and the term "Event of Default" shall mean, whenever it is used in this Financing Agreement, one or all of the following events:

(a) Any representation or warranty made by the Borrower in the Bond Financing Documents or any certificate, statement, data or information furnished by the Borrower in connection therewith or included by the Borrower in its application to the Issuer for assistance proves at any time to have been incorrect when made in any material respect;

(b) Failure by the Borrower to pay any amounts due under this Financing Agreement, the Bond Mortgage Note or the Bond Mortgage at the times and in the amounts required by this Financing Agreement, the Bond Mortgage Note and the Bond Mortgage, as applicable;

(c) The Borrower's failure to observe and perform any of its other covenants, conditions or agreements contained herein, other than as referred to in clause (a) above, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given by the Issuer or the Trustee to the Borrower; provided, however, that if the failure shall be such that it can be corrected but not within such period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected; or

(d) The occurrence of a default under the Reimbursement Agreement shall at the discretion of the Credit Facility Provider constitute an Event of Default under this Financing Agreement but only if the Trustee is provided written notice thereof by the Credit Facility Provider that an Event of Default has occurred under the Reimbursement Agreement and the Trustee is instructed by the Credit Facility Provider that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the discretion of the Credit Facility Provider constitute a default under the Bond Mortgage Loan Documents and the Reimbursement Agreement.

Nothing contained in this Section is intended to amend or modify any of the provisions of the Bond Financing Documents or to bind the Issuer, the Trustee, the Servicer or the Credit Facility Provider to any notice and cure periods other than as expressly set forth in the Bond Financing Documents.

Section 7.2. ***Remedies on Default.*** Subject to Section 7.6 and provisions of the Intercreditor Agreement, whenever any Event of Default hereunder shall have occurred and be continuing, the Trustee or the Issuer where so provided may take any one or more of the following remedial steps:

(a) The Issuer shall cooperate with the Trustee as the Trustee acts pursuant to Section 6.02 of the Indenture.

(b) In the event any of the Bonds shall at the time be Outstanding and not paid and discharged in accordance with the provisions of the Indenture, the Issuer or the Trustee may have access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(c) The Issuer or the Trustee may, without being required to give any notice (other than to the Issuer or the Trustee, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(d) The Issuer or Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments due under this Financing Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Financing Agreement.

Any amounts collected pursuant to Article IV and any other amounts which would be applicable to payment of principal of and interest and any premium on the Bonds collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indenture.

The provisions of this Section are subject to the further limitation that if, after any Event of Default hereunder all amounts which would then be payable hereunder by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and the Borrower shall have also performed all other obligations in respect of which it is then in default hereunder, and shall have paid the reasonable charges and

expenses of the Issuer, the Trustee, the Servicer and the Credit Facility Provider, including reasonable attorneys' fees paid or incurred in connection with such default, and shall have paid all amounts then due to the Credit Facility Provider, including, but not limited to, any Freddie Mac Reimbursement Amounts and Freddie Mac Credit Enhancement Fees, and if there shall then be no default existing under the Indenture, then and in every such case such Event of Default hereunder shall be waived and annulled, but no such waiver or annulment shall affect any subsequent or other Event of Default or impair any right consequent thereon.

Section 7.3. ***No Remedy Exclusive.*** No remedy conferred upon or reserved to the Issuer or the Trustee by this Financing Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Financing Agreement.

Section 7.4. ***Agreement to Pay Attorneys' Fees and Expenses.*** In the event the Borrower should default under any of the provisions of this Financing Agreement and the Issuer, the Trustee, the Servicer or the Credit Facility Provider should employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Financing Agreement or in the Bond Mortgage Note, the Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.5. ***No Additional Waiver Implied by One Waiver.*** In the event any agreement contained in this Financing Agreement should be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.6. ***Rights of Credit Facility Provider.*** Notwithstanding anything herein to the contrary, as long as a Wrongful Dishonor has not occurred with respect to the Credit Facility, none of the Issuer, the Trustee or any other person shall, upon the occurrence of an Event of Default hereunder or an event of default under any other Bond Financing Document, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Bond Mortgage Loan, except at the written direction of the Credit Facility Provider; provided that this prohibition shall not be construed to limit the rights of the Issuer or the Trustee to specifically enforce the Tax Regulatory Agreement in order to provide for operation of the Project in accordance with the Code and the laws of the State, including the Act; and provided further that this prohibition shall not be construed to limit the rights of the Issuer, the Trustee or the Servicer or any other indemnified party under Section 6.1 to enforce its rights against the Borrower under Sections 2.4, 2.5, 4.2, 4.3, 6.1 and 7.4 by mandamus or other suit, action or proceeding at law or in equity where such suit, action or proceeding does not seek any remedies under or with respect to the Bond Mortgage or cause acceleration of the Bond Mortgage Loan.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. ***Notices.***

(a) Whenever in this Financing Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Issuer, the Trustee, the Credit Facility Provider, the Borrower or the Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth in Section 11.05 of the Indenture or upon receipt such notice or other communication delivered by facsimile transmission as required or permitted by this Financing Agreement (receipt of which shall be evidenced by confirmation of transmission). The Issuer, the Trustee, the Credit Facility Provider, the Borrower, the Remarketing Agent or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to the Credit Facility Provider and a duplicate copy of each notice or other communication given hereunder by any party to the Credit Facility Provider shall be given to the Servicer.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to this Financing Agreement, provided, however, that subsequent to such facsimile transmission of written instructions shall provide the originally executed instructions and/or directions shall be provided to the Trustee in a timely manner.

(b) The Trustee shall provide to the Credit Facility Provider, the Remarketing Agent and the Servicer (i) prompt notice of the occurrence of any Event of Default hereunder and (ii) any written information or other communication received by the Trustee hereunder within ten (10) Business Days of receiving a written request from the Credit Facility Provider for any such information or other communication.

Section 8.2. ***Concerning Successors and Assigns.*** All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Financing Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower which

are contained in this Financing Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Issuer, the Trustee, the Servicer, the Remarketing Agent and the Credit Facility Provider.

Section 8.3. ***Governing Law.*** This Financing Agreement and the Exhibits attached hereto shall be construed in accordance with and governed by the laws of the State and, where applicable, the laws of the United States of America.

Section 8.4. ***Modifications in Writing.*** Modification or the waiver of any provisions of this Financing Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of the Credit Facility Provider and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given and so long as the interests of any Bondholders are not adversely affected and the Trustee consents in writing thereto. No notice to or demand on the Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

Section 8.5. ***Further Assurances and Corrective Instruments.*** The Issuer, the Trustee and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or further instruments requested by the Credit Facility Provider) for correcting any inadequate or incorrect description of the performance of this Financing Agreement.

Section 8.6. ***Captions.*** The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Financing Agreement.

Section 8.7. ***Severability.*** The invalidity or unenforceability of any provision of this Financing Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

Section 8.8. ***Counterparts.*** This Financing Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.9. ***Amounts Remaining in Bond Fund or Other Funds.*** It is agreed by the parties hereto that any amounts remaining in the Bond Fund or other funds and accounts established under the Indenture upon expiration or sooner termination of the term hereof, shall be paid in accordance with the Indenture.

Section 8.10. ***Effective Date and Term.*** This Financing Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the date hereof, and, subject to the provisions hereof, shall expire on such date as the Indenture shall terminate.

Section 8.11. ***Cross References.*** Any reference in this Financing Agreement to an "Exhibit," an "Article," a "Section," a "Subsection" or a "Paragraph" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Financing Agreement, an article of this Financing Agreement, a section of this Financing Agreement, a subsection of the section of this Financing Agreement in which the reference appears and a paragraph of the subsection within this Financing Agreement in which the reference appears. All exhibits attached to or referred to in this Financing Agreement are incorporated by reference into this Financing Agreement.

Section 8.12. ***Credit Facility Provider and Servicer as Third-Party Beneficiaries.*** The parties hereto agree and acknowledge that the Credit Facility Provider and the Servicer are third-party beneficiaries of this Financing Agreement.

Section 8.13. ***Credit Facility Provider.*** Following the release of the Credit Enhancement Agreement by the Trustee pursuant to the terms of the Indenture and the provision of an Alternate Credit Facility, all notices to be provided Freddie Mac hereunder shall be provided to the Alternate Credit Facility Provider and payments to be made to Freddie Mac by the Servicer or from the Administration Fund shall be paid to the Alternate Credit Facility Provider.

Section 8.14. ***Non-Liability of Issuer.*** The Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues and other money and assets received by the Trustee on behalf of the Issuer pursuant to this Financing Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Financing Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Financing Agreement.

The Borrower hereby acknowledges that the Issuer's sole source of money to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Financing Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

Section 8.15. ***No Liability of Officers.*** No recourse under or upon any obligation, covenant, or agreement or in any Bonds, or under any judgment obtained against the Issuer, or

by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner or officer, as such, past, present, or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Owner of any Bonds, of any sum that may be due and unpaid by the Issuer upon any of the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Owner of any Bonds, of any sum that may remain due and unpaid upon the Bonds or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Financing Agreement and the issuance of the Bonds.

Section 8.16. ***Capacity of the Trustee.*** The Trustee is entering into this Financing Agreement solely in its capacity as Trustee and shall be entitled to the rights, protections, limitations from liability and immunities afforded it as Trustee under the Indenture. The Trustee shall be responsible only for the duties of the Trustee expressly set forth herein and in the Indenture.

Section 8.17. ***Reliance.*** The representations, covenants, agreements and warranties set forth in this Financing Agreement may be relied upon by the Issuer, the Trustee, Bond Counsel, the Servicer, the Remarketing Agent and the Credit Facility Provider. In performing their duties and obligations under this Financing Agreement and under the Indenture, the Issuer and the Trustee may rely upon statements and certificates of the Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the Issuer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer or the Trustee under this Financing Agreement and under the Indenture in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Financing Agreement (other than the Issuer) that:

(a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any Bondholder or the Borrower as to the existence of a fact or state of affairs required under this Financing Agreement to be noticed by the Issuer;

(b) the Issuer shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Trustee, the Credit Facility Provider, the Servicer or the Borrower, as applicable; and

(c) none of the provisions of this Financing Agreement shall require the Issuer or the Trustee to expend or risk its own funds (apart from the proceeds of Bonds issued under the Indenture) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Financing Agreement, unless it shall first

have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Financing Agreement [and the Issuer has caused its corporate seal to be affixed hereto and to be attested], all as of the date first set forth above.

Austin Housing Finance Corporation, as Issuer

By:_____
General Manager

Attest:

_____
Secretary

[Issuer's Signature Page [Marshall Apartments] to Financing Agreement]

The Bank of New York Mellon Trust Company. N.A., as Trustee

By:_____
Name:
Title:

[Trustee's Signature Page [Marshall Apartments] to Financing Agreement]

[BORROWER SIGNATURE BLOCK]

By:_____

Its:

By: _____
Title:

[Borrower's Signature Page [Marshall Apartments] to Financing Agreement]

EXHIBIT A

FORM OF BOND MORTGAGE NOTE

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds (Marshall Apartments), Series 2011

BOND MORTGAGE NOTE

US $[_____] [_____], 200[_]

FOR VALUE RECEIVED, the undersigned, Marshall Affordable Partners, Ltd. (the "Borrower"), promises to pay to the order of the Austin Housing Finance Corporation (the "Issuer"), and its assigns, the principal sum of [AMOUNT OF BONDS] (US $[_____]), plus premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Note is issued pursuant to that certain Financing Agreement dated as of [_____], among the Issuer, The Bank of New York Mellon Trust Company, N.A. (the "Trustee") and the Borrower (together with any and all amendments, modifications, supplements and restatements, the "Financing Agreement") pursuant to which the Issuer has made a mortgage loan in the principal amount of this Note to the Borrower (the "Bond Mortgage Loan"), and this Note is entitled to the benefits of the Financing Agreement and subject to the terms, conditions and provisions thereof. The Bond Mortgage Loan was funded with proceeds from the Issuer's Multifamily Housing Revenue Bonds (Marshall Apartments), Series 2011 (the "Bonds") issued pursuant to the Trust Indenture dated as of [_____] (the "Indenture") between the Issuer and the Trustee.

1. **Defined Terms**. As used in this Note, (i) the term "Lender" means the holder of this Note, and (ii) the term "Indebtedness" means the principal of, premium, if any, and interest on or any other amounts due at any time under this Note. "Event of Default" and other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Financing Agreement or the Indenture.

2. **Payments of Principal and Interest**. The Borrower shall pay, on the first Business Day of each month commencing [_____], interest on this Note in an amount equal to the accrued and unpaid interest on the Bonds during the prior month, and shall also pay in the event of an optional or mandatory prepayment of this Note with respect to a corresponding optional or mandatory redemption or purchase or acceleration of all or part of the Bonds, interest on this Note in an amount equal to the accrued and unpaid interest on such Bonds to the date of redemption, purchase or acceleration, as applicable. The Borrower shall pay the principal of this Note in full on [_____] (the "Maturity Date") or at such earlier times and in such amounts as may be required, in the event of an optional or mandatory prepayment of this Note with respect to a corresponding optional or mandatory redemption or

purchase or acceleration of all or part of the Bonds, to pay the principal that equals the principal due with respect to the Bonds at such times.

The Borrower's repayment obligations under the Financing Agreement and this Note shall be reduced from time to time by and to the extent of any amounts drawn under the Credit Facility (as defined in the Indenture) and applied to the payment of debt service on the Bonds, provided that such reductions shall be credited only at the times and to the extent the Borrower has reimbursed the Credit Facility Provider (as defined in the Indenture) fully for such amounts. The outstanding principal hereof is subject to acceleration at the same time or times and under the same terms and conditions, and with the same notice, if any, as provided under the Indenture for the acceleration of payment of the Bonds. Notwithstanding anything to the contrary contained herein or the Financing Agreement, the payments in respect of the Bond Mortgage Loan evidenced hereby shall be sufficient to pay, when due (whether at stated maturity, upon redemption before maturity, upon acceleration of stated maturity, upon tender and purchase or otherwise), the principal of and premium, if any, and interest on the Bonds at any time outstanding.

3. **Payment of Fees and Expenses; Other Required Payments**. The Borrower shall also pay fees and expenses under Section 4.2 of the Financing Agreement, rebate amounts under Section 4.3 of the Financing Agreement, Principal Reserve Fund amounts under Section 4.6 of the Financing Agreement and indemnification-related amounts under Section 6.1 of the Financing Agreement, as well as any other amounts owed under the Financing Agreement, when due and in accordance with the terms and provisions set forth therein.

4. **Manner of Payment; Deficiencies**. All payments under this Note shall be made in lawful currency of the United States and in immediately available funds. The Borrower shall make its payments under this Note in Eligible Funds if and to the extent that the Indenture, the Financing Agreement or this Note requires such amount to be available to the Trustee in Eligible Funds. In the event of any deficiency in the funds available under the Indenture for payment of the principal of, premium, if any, or interest on the Bonds when due, the Borrower shall immediately pay the amount of the deficiency to the Trustee upon notice of the deficiency from the Issuer, the Servicer or the Trustee. The Borrower shall be obligated to pay the deficiency regardless of the reason for the deficiency, including any deficiency resulting from any shortfall in payments made or to be made by the Borrower under this Note, any loss due to a default under any investment held by the Trustee, a change in value of any such investment or otherwise.

5. **Application of Payments**. If at any time the Lender receives, from the Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, the Lender may apply that payment to amounts then due and payable in any manner and in any order determined by the Lender, in the Lender's discretion. The Borrower agrees that neither the Lender's acceptance of a payment from the Borrower in an amount that is less than all amounts then due and payable nor the Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

6. **Security**. The Indebtedness is secured, among other things, by a multifamily mortgage, assignment of rents and security agreement dated as of the date of this Note (the

"Bond Mortgage"). Reference is made to the Bond Mortgage for other rights of the Lender as to collateral for the Indebtedness.

7. **Acceleration**. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note shall at once become due and payable, at the option of the Lender, as governed by the Indenture, without any prior notice to the Borrower. The Lender may exercise this option to accelerate regardless of any prior forbearance.

8. **Limits on Personal Liability**. Except as otherwise provided in Section 5.1 of the Financing Agreement, payments under this Note are a nonrecourse obligation of the Borrower and the Lender's only recourse for the satisfaction of the Indebtedness shall be the Lender's exercise of its rights and remedies with respect to the Project and any other collateral held by the Lender as security for the Indebtedness. This limitation on the Borrower's liability shall not limit or impair the Lender's enforcement of its rights against any guarantor of the Indebtedness or any guarantor of any obligations of the Borrower.

9. **Prepayment**. This Note is subject to prepayment as specified in the Financing Agreement and the Indenture.

10. **Costs and Expenses**. The Borrower shall pay all expenses and costs, including reasonable fees and out-of-pocket expenses of attorneys, and fees and out-of-pocket expenses of expert witnesses and costs of investigation, incurred by the Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Bond Mortgage Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or nonjudicial foreclosure proceeding.

11. **Forbearance**. Any forbearance by the Lender in exercising any right or remedy under this Note any other document evidencing or securing the Bond Mortgage Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Lender of any security for the Borrower's obligations under this Note shall not constitute an election by the Lender of remedies so as to preclude the exercise of any other right or remedy available to the Lender.

12. **Waivers**. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Borrower and all endorsers and guarantors of this Note and all other third-party obligors.

13. **Loan Charges**. If any applicable law limiting the amount of interest or other charges permitted to be collected from the Borrower in connection with the Bond Mortgage

Loan is interpreted so that any interest or other charge provided for herein or in any other document evidencing or securing the Bond Mortgage Loan, whether considered separately or together with other charges provided for in any such other document, violates that law, and the Borrower is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation.

14. **Commercial Purpose**. The Borrower represents that the Indebtedness is being incurred by the Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family or household purposes.

15. **Governing Law**. This Note shall be governed by the law of the State of Texas (the "Property Jurisdiction").

16. **Captions**. The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

17. **Address for Payment**. All payments due under this Note shall be payable at The Bank of New York Mellon, Global Corporate Trust-Housing 10161 Centurion Parkway, Jacksonville, FL 32256, Attention: Richard Dillard, or such other place as may be designated by written notice to the Borrower from or on behalf of the Lender.

18. **Consent to Jurisdiction and Venue**. The Borrower agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in the Property Jurisdiction in which the Project is located. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. The Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

19. **Waiver of Trial by Jury**. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE BORROWER AND THE LENDER (a) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS THE LENDER AND THE BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (b) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. EACH PARTY SEPARATELY GIVES THIS WAIVER OF RIGHT TO TRIAL BY JURY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

20. **Assignment**. The Borrower acknowledges that this Note is being assigned by the Issuer to the Trustee for the Bonds.

[Signature page follows]

IN WITNESS WHEREOF, the Borrower has signed and delivered this Note or has caused this Note to be signed and delivered by its duly authorized representative.

[BORROWER SIGNATURE BLOCK]

_____

Borrower's Employer ID No.

ASSIGNMENT

Pay to the order of The Bank of New York Mellon Trust Company. N.A., without recourse or warranty, as Trustee under the Indenture referred to in the attached Note.

Austin Housing Finance Corporation, as Issuer

By:_____
General Manager

. . . . . SPACE ABOVE THIS LINE FOR RECORDER'S USE . . . . . .
. . . . . .

After Recording Return To:

McCall, Parkhurst & Horton L.L.P.
717 North Harwood, Suite 900
Dallas, Texas 75201
Attention: Mark A. Malveaux

REGULATORY AND LAND USE RESTRICTION AGREEMENT

Among

AUSTIN HOUSING FINANCE CORPORATION,
as Issuer,

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee,

and

MARSHALL AFFORDABLE PARTNERS, LTD.

as Owner

Dated as of _____, 2011

Relating to

$_____
AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(MARSHALL APARTMENTS)
SERIES 2011

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EXHIBIT A - Property Description A-1
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EXHIBIT E - Freddie Mac Rider E-1

REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (this "Agreement" or this "Regulatory Agreement") dated as of _____, 2011 is among the AUSTIN HOUSING FINANCE CORPORATION, a housing finance corporation duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the "Issuer"), The Bank of New York Mellon Trust Company, N.A., a national banking assoociation, as trustee (together with any successor or trustee under the Indenture (as defined below), and their respective successors and assigns, the "Trustee") under the hereinafter-defined Indenture, and MARSHALL AFFORDABLE PARTNERS, LTD., an Alabama limited partnership (together with its permitted successors and assigns, the "Owner"),

W I T N E S S E T H:

WHEREAS, pursuant to the Act (as hereinafter defined), the Issuer is authorized to issue one or more series of its revenue bonds and to loan the proceeds thereof to finance the acquisition, rehabilitation and equipping of residential rental housing for persons of low and moderate income; and

WHEREAS, the Owner has requested the assistance of the Issuer in financing a multifamily residential rental housing project located on the real property described in Exhibit A hereto (the "Project Site") and described in Exhibit B hereto (the "Project Facilities" and, together with the Project Site, the "Project" or "Development"), and, as a condition to such financial assistance, the Owner has agreed to enter into this Regulatory Agreement, setting forth certain restrictions with respect to the Project; and

WHEREAS, the Issuer has determined to assist in the financing of the Project by issuing Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Marshall Apartments) Series 2011 in the aggregate principal amount of $_____ (the "Bonds"), and making a mortgage loan to the Owner of such principal amount, upon the terms and conditions set forth in the Financing Agreement (as hereinafter defined);

WHEREAS, in order for interest on the Bonds to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and the income tax regulations (including temporary, proposed and final regulations) and rulings with respect to the Code, and in order to comply with the requirements of the Act, relating to the Bonds, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the Issuer, the Trustee and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, rehabilitation, equipping and operation of the Project and in order to ensure that the Project will be acquired, constructed, equipped, used and operated in accordance with the Code and the Act.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer, the Trustee and the Owner hereby agree as follows:

Section 1. Definitions and Interpretation3. In addition to terms defined above, capitalized terms shall have the respective meanings assigned to them in this Section 1 or the Indenture unless the context in which they are used clearly requires otherwise:

"Act" means the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended.

"Affiliated Party" means a partner of the Owner, a person whose relationship with the Owner would result in a disallowance of losses under section 267 or 707(b) of the Code or a person who, together with the Owner, is a member of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein).

"Affordable Rents" means rent paid by a tenant of a residential unit in a multi-family residential development such that the gross monthly rent of the residential unit, after deduction of the monthly value of any in-kind services (including, without limitation, utilities) provided to a tenant, does not exceed 30% of the gross family monthly income of the tenant occupying such residential unit. This determination shall be made in accordance with procedures established by the Issuer and (a) at the time of initial occupancy of the residential unit and (b) at the time of each increase of the gross monthly rent with respect to such residential unit.

"Agreement" or "Regulatory Agreement" means this Regulatory and Land Use Restriction Agreement, as it may be amended from time to time.

"Anticipated Annual Income" means the anticipated annual income of a person (together with the anticipated annual income of all persons who intend to reside with such person in one Unit), as determined in accordance with Section 1.167(k)-3(b)(3) of the Regulations (prior to its withdrawal by T.D. 8473, April 27, 1993) or with such other Regulations as may be imposed pursuant to section 142(d) of the Code.

"Compliance Monitoring Report" means the certified residential rental housing program compliance report to be filed by the Owner with the Issuer and the Trustee pursuant to Section 4(b)(iv) hereof and the Financing Agreement with respect to the Project, in substantially the form attached hereto as Exhibit D, or in such other form as the Issuer may reasonably prescribe.

"Computation Date" means each Installment Computation Date and the Final Computation Date.

"Eligible Tenants" means persons of low and moderate income whose adjusted gross income, together with the adjusted gross income of all persons who intend to reside with those persons in one dwelling unit, did not for the preceding tax year exceed the maximum amount constituting moderate income under the Issuer's rules, resolutions relating to the issuance of bonds, or financing documents relating to the issuance of bonds, which as of the date hereof, is 80% of median family income.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel, addressed to the Issuer and the Trustee, to the effect that the action to be taken will not adversely affect the excludability of interest on the Bonds from gross income for federal tax purposes

"Final Computation Date" means the date the last Bond is discharged.

"Gross Proceeds" means any Proceeds and any Replacement Proceeds of the Bonds.

"Indenture" means the Trust Indenture of even date herewith by and between the Issuer and the Trustee, relating to the issuance of the Bonds, and any indenture supplemental thereto.

"Inducement Date" means December 9, 2010.

"Installment Computation Date" means the last day of each Rebate Year commencing December 31, 2011, and the date on which the final payment in full of all Outstanding Bonds is made.

"Investment" has the meaning set forth in section 1.148-1(b) of the Regulations.

"Investment Proceeds" means any amounts actually or constructively received from investing Proceeds.

"Issue Price" means "issue price" as defined in sections 1273 and 1274 of the Code, unless otherwise provided in Sections 1.148-0 through 1.148-11 of the Regulations and, generally, is the aggregate initial offering price to the public (excluding bond houses, brokers and other intermediaries acting in the capacity of wholesalers or underwriters) at which a substantial amount of each maturity of Bonds is sold.

"Loan" means the loan to be made to the Owner pursuant to the the Mortgage and the Financing Agreement.

"Financing Agreement" means the Financing Agreement of even date herewith among the Issuer, the Trustee and the Owner, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Indenture.

"Low-Income Tenants" means persons whose aggregate Anticipated Annual Income does not exceed 60% of the Median Gross Income for the Area. For purposes of this definition, the occupants of a Unit shall not be deemed to be Low-Income Tenants if all the occupants of such Unit at any time are "students", as defined in section 151(c)(4) of the Code, no one of whom is entitled to file a joint return under section 6013 of the Code.

"Low-Income Unit" means a Unit which is included as a Unit satisfying the requirements of the Set Aside.

"Median Gross Income for the Area" means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of Housing and Urban Development, under Section 8 of the United States Housing Act of 1937, as amended (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size.

"Net Proceeds" means any Net Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"Net Sale Proceeds" means the Sale Proceeds of the Bonds less any such proceeds deposited into a Reasonably Required Reserve or Replacement Fund under section 148(d) of the Code.

"Nonpurpose Investments" means any "investment property," within the meaning of section 148(b) of the Code, acquired with the Gross Proceeds of the Bonds.

"Note" has the meaning set forth in the Indenture.

"Owner Representative" means any Person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such Person and signed on behalf of the Owner by the General Partner, which certificate may designate an alternate or alternates.

"Person" means any individual, entity, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"Project" means the Project Facilities and the Project Site.

"Project Costs" means, to the extent authorized by the Act, any and all costs incurred by the Owner with respect to the acquisition, construction, rehabilitation and equipping, as the case may be, of the Project, whether paid or incurred prior to or after the date of this Regulatory Agreement, including, without limitation, costs for site preparation, the planning of housing and improvements, the removal or demolition of existing structures, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractor's and Owner's overhead and supervisor's fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof.

"Project Facilities" means the multifamily housing set forth in Exhibit B hereto.

"Project Site" means the parcel or parcels of real property described in Exhibit A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances appertaining thereunto.

"Qualified Project Costs" means the Project Costs incurred no earlier than 60 days prior to the Inducement Date (or which are qualifying preliminary expenditures) and no earlier than three years prior to the date reimbursed with Proceeds, but in no event shall such costs have been incurred with respect to a portion of the Project that is placed in service, within the meaning of Section 1.150-2 of the Regulations, earlier than 18 months prior to the date the related costs are reimbursed with Proceeds; provided that such costs are chargeable to a capital account with respect to the Project for Federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Owner or but for the proper election by the Owner to deduct those amounts; provided, however, that, if any portion of the Project is being constructed by the Owner or an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" shall include only (a) the actual out-of-pocket costs incurred by the Owner or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Owner or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Owner or such Affiliated Party which are directly attributable to the work performed on the Project and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance.

"Qualified Project Period" means, with respect to the Project, the period beginning on the closing date and ending on the later of (i) the date which is 20 years after the closing date, (ii) the first date on which no tax-exempt bond issued with respect to the Project is outstanding, or (iii) the first date on which the Project no longer receives assistance under Section 8 of the United States Housing Act of 1937, as amended.

"Reasonably Required Reserve or Replacement Fund" means any fund described in section 148(d) of the Code, provided that the amount thereof allocable to the Bonds invested at a Yield materially higher than the Yield on the Bonds does not exceed 10% of the proceeds of the Bonds, within the meaning of section 148(d) of the Code, and does not exceed the size limitations in Section 1.148-2(f)(2)(ii) of the Regulations.

"Rebate Amount" has the meaning ascribed in Section 1.148-3(b) of the Regulations and generally means the excess as of any date of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with section 1.148-3 of the Regulations. In the case of any Spending Exception Issue, the "Rebate Amount" as of any Computation Date shall be limited to the "Rebate Amount" attributable to any Reasonably Required Reserve or Replacement Fund.

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

"Replacement Proceeds" has the meaning set forth in Section 1.148-1(c) of the Regulations.

"Sale Proceeds" means any amounts actually or constructively received from the sale (or other disposition) of any Bond, including amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any Bond and that is described in Section 1.148-4 of the Regulations.

"Set Aside" has the meaning assigned to such term in Section 2(i) hereof.

"Spending Exception Issue" means any issue of Bonds that meets either the six month exception or the 18-month exception set forth in section 1.148-7 of the Regulations.

"Stated Maturity," when used with respect to the Note or the Bonds or any installment of interest thereon, means any date specified in the Note or the Bonds as a fixed date on which the principal of the Loan or the Bonds or a portion thereof or such installment of interest is due and payable.

"Tax Letter of Representation" means the Owner's Tax Letter of Representation dated the Closing Date, executed by the Owner and addressed to the Issuer and Bond Counsel.

"Tenant Income Certification" means a certification as to income and other matters executed by the household members of each tenant in the Project, in substantially the form of Exhibit C attached hereto, or in such other form as reasonably may be required by the Issuer all in satisfaction of the requirements of Regulations Section 1.167(k)-3(b)(3) (prior to its withdrawal by T.D. 8473, April 27, 1993) and other regulations of the Issuer and as described in Section 4(b)(ii), including the Tenant Income Certification Form as set forth in Exhibit C .

"Transferred Proceeds" means, with respect to any portion of the Bonds that is a refunding issue, proceeds that have ceased to be proceeds of a refunded issue and are transferred proceeds of the refunding issue by reason of Section 1.148-9 of the Regulations.

"Unit" means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation located within the Project.

"Yield" means yield as determined in accordance with section 148(h) of the Code, and generally, is the yield which when used in computing the present worth of all payments of principal and interest to be paid on an obligation produces an amount equal to the Issue Price of such obligation.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender, and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 1A. Acquisition, Rehabilitation and Equipping of the Project. The Owner hereby represents, as of the date hereof, covenants and agrees as follows:

(a) The Owner has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the rehabilitation of the Project, pursuant to which the Owner is or will be obligated to expend at least 5 percent of the Sale Proceeds of the Bonds.

(b) The Owner's reasonable expectations respecting the total cost of the acquisition, rehabilitation and equipping of the Project are accurately set forth in the Tax Letter of Representation.

(c) The Owner has commenced or will commence the acquisition, rehabilitation and equipping of the Project and will proceed with due diligence to complete the same.

(d) The Owner reasonably expects to expend not less than 85 percent of the Sale Proceeds of the Bonds for Project Costs prior to the date that is three years after the Closing Date.

(e) The statements made in the various certificates delivered by the Owner to the Issuer, Bond Counsel and/or the Trustee are true and correct in all material respects.

(f) The Owner will submit, or cause to be submitted, to the Trustee, on or before the date of each disbursement of Proceeds of the Bonds from the Bond Mortgage Loan Fund, if any, held by the Trustee under the Indenture, a requisition in substantially the form required by the Indenture, duly executed by an Owner Representative and certifying that the full amount of such

disbursement will be applied to pay or to reimburse the Owner for the payment of Project Costs and that, after taking into account the proposed disbursement, the aggregate disbursements from the Acquisition Fund will have been applied to pay or to reimburse the Owner for the payment of Qualified Project Costs in an amount equal to 95 percent or more of the aggregate disbursements from such fund.

(g) [Reserved].

(h) The Owner (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the Proceeds of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Financing Agreement or this Regulatory Agreement. The Owner acknowledges that such requirements have been designed for the purpose of ensuring compliance with the provisions of the Act or the Code applicable to the Owner and the Project.

Section 2. Tax-Exempt Status of the Bonds. The Owner shall not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from the gross income of the holders of the Bonds, as defined in section 61 of the Code, for federal income tax purposes. With the intent not to limit the generality of the foregoing, the Owner covenants and agrees that prior to the final maturity of the Bonds, unless it has received and filed with the Issuer and Trustee a Favorable Opinion of Bond Counsel to the effect that failure to comply with any such covenant or agreement, in whole or in part, will not adversely affect the exclusion from gross income for Federal income tax purposes of interest paid or payable on the Bonds:

(a) The Owner's use of the Net Proceeds of the Bonds shall at all times satisfy the following requirements:

(i) At least 95 percent of the Net Proceeds of the Bonds shall be used to pay Qualified Project Costs that are costs of a "qualified residential rental project" (within the meaning of sections 142(a)(7), 142(d) and 145(d) of the Code and section 1.103-8(b)(4) of the Regulations) and property that is "functionally related and subordinate" thereto (within the meaning of Sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) of the Regulations), all of which costs shall be properly chargeable to the Project's capital account or would be so chargeable either with a proper election by the Owner or but for a proper election by the Owner to deduct such amounts.

(ii) Reserved.

(iii) Reserved.

(iv) The Owner covenants and agrees that the Costs of Issuance financed with the proceeds of the Bonds shall not exceed 2 percent of the Sale Proceeds.

(v) The Owner shall not use or permit the use of any Net Proceeds of the Bonds or any income from the investment thereof to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(b) The Owner shall not take any action or omit to take any action with respect to the Gross Proceeds of the Bonds which, if taken or omitted, respectively, would cause any Bond to be classified as an "arbitrage bond" within the meaning of section 148 of the Code.

(c) Except as provided in the Indenture and the Bond Mortgage Loan Documents, the Owner shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Financing Agreement relating to the Bonds, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of Bonds, unless prior to taking any action described in this subsection (c), the Owner has obtained and delivered to the Trustee a Favorable Opinion of Bond Counsel.

(d) The Owner shall not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest Gross Proceeds of the Bonds in any Investment (or to use Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Bonds to Stated Maturity, except as permitted by section 148 of the Code or as provided in the Tax Certificate dated the Closing Date delivered by the Issuer with respect to the Bonds.

(e) Except to the extent permitted by section 149(b) of the Code, neither the Issuer nor the Owner shall take or omit to take any action which would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(f) (i) Unless the Owner delivers a Favorable Opinion of Bond Counsel that the Owner does not need to comply with this subsection, the Owner shall cause to be delivered, to the Trustee, within 25 days after each Computation Date:

(A) a statement of the Rebate Amount as of such Computation Date; and

(B) (1) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any "previous rebate payments" made to the United States (as that term is used in the Regulations), or (2) if such Computation Date is the Final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount as of such Final Computation Date, less any "previous rebate payments" made to the United States (as that term is used in the Regulations); and

(C) an Internal Revenue Service Form 8038-T properly signed and completed as of such Computation Date.

The foregoing notwithstanding, the Owner shall not be required to deliver the foregoing to the Trustee if the Owner certifies that the Bonds are excepted from the requirements of section 148(f) of the Code.

(ii) If the Owner shall discover or be notified as of any date:

(A) that any amount required to be paid to the United States pursuant to this Section and the Indenture has not been paid as required; or

(B) that any payment paid to the United States pursuant to this Section the Indenture shall have failed to satisfy any requirement of the Regulations (whether or not such failure shall be due to any default by the Owner or the Trustee),

the Owner shall

(X) deliver to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States from the Rebate Fund (I) the Rebate Amount that the Owner failed to pay, plus any interest, specified in the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (II) if such correction payment is not delivered to and received by the Trustee within 175 day after such discovery or notice, the amount determined in accordance with clause (I) of this subparagraph (X) plus the 50 percent penalty required by the Regulations; and

(Y) deliver to the Trustee an Internal Revenue Service Form 8038-T properly signed and completed as of such date.

(iii) The Owner shall retain all of its accounting records relating to the funds established under the Indenture and all calculations made in preparing the statements described in this Section for at least six years after the date the last Bond is discharged.

(iv) The Owner agrees to pay all of the reasonable and actual fees and expenses of the Rebate Analyst, charged at rates substantially similar to the rate by such party for work of this type which may be Bond Counsel, a certified public accountant and any other necessary consultant employed by the Owner or the Trustee in connection with computing the Rebate Amount.

(g) The Owner covenants and agrees that not more than 50 percent of the Proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code, and the Owner reasonably expects that at least 85 percent of the spendable Proceeds of the Bonds will be used to carry out the governmental purposes of such issue of Bonds within the three-year period beginning on the Closing Date.

(h) The Owner hereby covenants and agrees that the Project will be operated as a "qualified residential rental project" within the meaning of sections 142(a)(7), 142(d), 145(d) of the Code and section 1.103-8(b)(4) of the Regulations, on a continuous basis during the longer of the Qualified Project Period or the period during which any Bond remains outstanding, to the end

that the interest on the Bonds shall be excluded from gross income for federal income tax purposes. In particular, the Owner covenants and agrees, and will cause the manager to covenant and agree for the longer of the Qualified Project Period or the period during which any Bonds remain outstanding, as follows:

(i) The Project qualifies as residential rental property and will be owned, managed and operated at all times during the term specified above as a qualified residential rental project comprised of residential dwelling units and facilities functionally related and subordinate thereto, in accordance with section 142(d) of the Code;

(ii) The Project will consist of one building or structure or several proximate and interrelated buildings or structures, each of which will be a discrete edifice or other man-made construction consisting of an independent foundation, outer walls and a roof, and all of which (A) will be located on a single tract of land or two or more parcels of land that are contiguous (i.e., their boundaries meet at one or more points) except for the interposition of a road, street, stream or similar property, (B) are owned by the same person for Federal tax purposes, and (C) were financed pursuant to a common plan;

(iii) Substantially all of the Project will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Project tenants, such as swimming pools, other recreational facilities, parking areas, heating and cooling equipment, trash disposal equipment, units for resident managers, security personnel or maintenance personnel and other facilities that are reasonably required for the Project;

(iv) Each Unit in the Project will contain complete facilities for living, sleeping, eating, cooking and sanitation, e.g., a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator and sink, all of which will be separate and distinct from other Units;

(v) Each Unit in the Project will be rented or available for rental on a continuous basis to members of the general public at all times during the term specified above (unless occupied by or reserved for a resident manager, security personnel or maintenance personnel) and that the Owner will not give preference in renting Project Units to any particular class or group of persons, other than Low-Income Tenants as provided herein;

(vi) At no time during the term specified above will any Unit in any building or structure in the Project which contains fewer than five Units be occupied by the Owner;

(vii) At no time during the term specified above will any of the Units in the Project be utilized on a transient basis by being leased or rented for a period of less than thirty days or by being used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer park or trailer court;

(viii) The land and the facilities will be functionally related and subordinate to the Units comprising the Project and will be of size and character which is commensurate with the size and number of such Units; and

(i) The Owner hereby represents, covenants and agrees, continuously during the Qualified Project Period, as follows:

(i) Forty percent 40% of the Units (except for manager, security personnel and maintenance units that are reasonably required for the Project) (the "Set Aside") within the Project (and any other building which is comprised of similarly constructed Units, will be owned by the Owner for federal income tax purposes, will be located on the same or contiguous tract that is not separated from the Project except by a road, street, stream, or similar property, and is financed by the Bonds) that are available for occupancy, including expiration or lawful termination of an existing lease, shall be occupied or held vacant and available for occupancy at all times by Low-Income Tenants at Affordable Rents. For the purposes of this subparagraph (i), a vacant Unit which was most recently occupied by a Low-Income Tenant is treated as rented and occupied by a Low-Income Tenant until reoccupied, at which time the character of such Unit shall be redetermined.

(ii) The Owner shall maintain complete and accurate records pertaining to Low-Income Tenants and file all documents as required by section 142(d) of the Code and this Agreement, including Tenant Income Certifications attached as Exhibit C hereto.

(iii) No tenant qualifying as a Low-Income Tenant shall be denied continued occupancy of a Unit in the Project because, after admission, such tenant's Anticipated Annual Income increases to exceed the qualifying limit for Low-Income Tenants; provided, however, that, should a Low-Income Tenant's Anticipated Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low-Income Tenant of the same family size and such Low-Income Tenant constitutes a portion of this Section, the next available Unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low-Income Tenant and such new Low-Income Tenant will then constitute a portion of the Set Aside requirement of paragraph (i) of this Section; and provided, further, that, until such next available Unit is rented to a tenant who is a Low-Income Tenant, the former Low-Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low-Income Tenant for purposes of the requirement of subparagraph (i) of this Section 2(i).

The parties hereto recognize that the requirements stated in Section 2(h) shall continue in effect until the termination of the Qualified Project Period or until no Bonds remain outstanding, whichever occurs later, and the requirements in this Section 2(i) shall continue in effect until the termination of the Qualified Project Period.

(j) The Owner further covenants and agrees to prepare and submit to the Trustee, no more than 60 days prior to the last day of the Qualified Project Period a certificate setting forth the date on which the Qualified Project Period will end, which certificate shall be in recordable form. The Issuer need not affirmatively consent to the termination of the covenants.

(k) Anything in this Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Owner in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Owner, and which is required to be noticed, represented or certified

by the Owner hereunder or in connection with any filings, representations or certifications required to be made by the Owner in connection with the issuance and delivery of the Bonds.

(l) The Owner shall provide to the Trustee a certificate certifying (i) within 90 days thereof, the date on which ten percent (10%) of the Units are occupied; and (ii) within 90 days thereof, the date on which fifty percent (50%) of the Units are occupied.

Section 3. Modification of Tax Covenants. Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Agreement may not be amended, changed, modified, altered or terminated except as permitted in Section 19 and by the Indenture. Anything contained in this Agreement or the Indenture to the contrary notwithstanding, the Issuer, the Trustee and the Owner hereby agree upon the written request of one of the parties hereto, to amend this Agreement and, if appropriate, the Indenture and the Financing Agreement, to the extent required, in the opinion of Bond Counsel, in order for interest on the Bonds, to remain excludable from gross income for federal income tax purposes. The party requesting such amendment shall notify the other parties to this Agreement in writing of the proposed amendment and send a copy of such requested amendment to Bond Counsel. After review of such proposed amendment, Bond Counsel shall render to the Trustee, the Owner and the Issuer an opinion to the effect that such amendments are necessary and sufficient in order to enable compliance with the provisions of the Code such that the interest on the Bonds will remain excludable from gross income for purposes of Federal income taxation. The Owner shall pay all necessary fees and expenses incurred with respect to such amendment, including necessary reasonable and actual attorney's fees and expenses incurred by Bond Counsel in rendering such opinion. The Owner, the Issuer and, where applicable, the Trustee pursuant to written instructions from the Issuer, shall execute, deliver and, if applicable, the Owner shall file of record, any and all documents and instruments, including without limitation, an amendment to this Regulatory Agreement, necessary to effectuate the intent of this Section, and the Owner and the Issuer hereby appoint the Trustee as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Owner or the Issuer, as is applicable, any such document or instrument (in such form as may be approved by and upon instruction of Bond Counsel) if either the Owner or the Issuer defaults in the performance of its obligation under this Section; provided, however, that the Trustee shall take no action under this Section without first notifying the Owner or the Issuer, as is applicable, in writing of its intention to take such action and providing the Owner or the Issuer, as is applicable, ten (10) business days after such notice to comply with the requirements of this Section.

Section 4. Residential Development. The Issuer and the Owner hereby recognize and declare their understanding and intent that the Project is to be owned, managed and operated as a "residential development," as such term is defined in Section 394.003(13) of the Act, and in compliance with applicable restrictions and limitations as provided in the Act and the rules of the Issuer, until the expiration of the Qualified Project Period or for as long as any portion of the Bonds remains outstanding and unpaid, whichever is longer.

(a) The Owner hereby represents, as of the date hereof, and covenants and agrees for the term of this Regulatory Agreement that substantially all (at least 90%) of the Project dwelling units shall be rented to Eligible Tenants and that the Owner shall not rent or lease any unit in the Project to a person not an Eligible Tenant if such rental would cause less than 90% of the dwelling units in the Project to be rented to Eligible Tenants.

(b) The Owner hereby represents, covenants and agrees as follows:

(i) To assure that 40% of the occupied Units in the Project are occupied at all times by Low Income Tenants at Affordable Rents;

(ii) To obtain a Tenant Income Certification from each tenant in the Project not later than the date of such tenant's initial occupancy of a Unit in the Project and to maintain a file of all such Tenant Income Certifications, together with all supporting documentation, for a period of not less than three years following the end of the Qualified Project Period;

(iii) To obtain from each tenant in the Project, at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance that (A) such lease is subordinate to the Mortgage and this Regulatory Agreement, (B) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (C) the family income and eligibility requirements of this Agreement and the Financing Agreement are substantial and material obligations of tenancy in the Project, (D) such tenant will comply promptly with all requests for information with respect to such requirements from the Owner, the Trustee and the Issuer, and (E) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Project;

(iv) To cause to be prepared and submitted to the Issuer and the Trustee on the first day of the Qualified Project Period, and thereafter by the tenth calendar day of each March, June, September, and December, or a quarterly schedule as determined by the Issuer, a certified Compliance Monitoring Report and Occupancy Summary in a form attached hereto as Exhibit D or at the reasonable request of the Issuer in such other form provided by the Issuer from time to time;

(v) To the extent legally permissible to permit any duly authorized representative of the Issuer or the Trustee (without any obligation to do so) to inspect the books and records of the Owner pertaining to the Project or the incomes of Project tenants, including but not limited to tenant files, during regular business hours and to make copies therefrom if so desired and file such reports as are necessary to meet the Issuer's requirements; and

(vi) The Owner will obtain a Tenant Income Certification from each tenant at least annually after the tenant's initial occupancy or as otherwise directed by the Issuer in writing.

Section 5. [Reserved].

Section 6. Consideration. The Issuer has issued the Bonds to provide funds to make the Loan to finance the Project, all for the purpose, among others, of inducing the Owner to acquire, rehabilitate, equip and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 7. Reliance. The Issuer, the Trustee and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the

legality and validity of the Bonds, and in the excludability from gross income for purposes of Federal income taxation of the interest on the Bonds. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Low-Income Tenants and the Owner and upon audits of the books and records of the Owner pertaining to the Project. In addition, the Issuer, the Owner and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer, the Owner or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default by the Owner exists under this Regulatory Agreement, the Trustee shall not be required to conduct any investigation into or review of the operations or records of the Owner and may rely on any written report, notice or certificate delivered to the Trustee by any Person retained to review the Owner's compliance with this Regulatory Agreement or by the Owner or the Issuer with respect to the occurrence or absence of a default unless it has actual knowledge that the report, notice or certificate is erroneous or misleading.

Section 8. Project in Austin, Texas. The Owner hereby represents that the Project is located entirely within Austin, Texas.

Section 9. Sale or Transfer of the Project. The Owner covenants and agrees not to sell, transfer or otherwise dispose of the Project prior to the expiration of the Qualified Project Period or the date on which the Bonds have been paid in full, whichever is later, without (i) complying with any applicable provisions of the Bond Mortgage Loan Documents and (ii) obtaining the prior written consent of the Issuer. Such consent of the Issuer shall not be unreasonably withheld or delayed and shall be given if all conditions to the sale set forth in this Regulatory Agreement are met or are waived in writing by the Issuer, including (1) there is delivered to the Trustee and the Issuer a written Opinion of Counsel satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the transferee has duly assumed all of the rights and obligations of the Owner under the Bond Mortgage Loan Documents and this Regulatory Agreement and that each of the documents executed by the transferee in connection therewith has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications, (2) the Issuer receives a Favorable Opinion of Bond Counsel, which opinion shall be furnished at the expense of the Owner or the transferee, regarding such sale, transfer or disposition, (3) the proposed purchaser or assignee executes any document reasonably requested by the Issuer with respect to assuming the obligations of the Owner under this Agreement and the Financing Agreement, and (4) the Issuer shall not have any reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Project, including but not limited to the Financing Agreement, the Mortgage and this Agreement. The Owner hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Project in violation of this subsection shall be ineffective to relieve the Owner of its obligations under this Agreement. Upon any sale, transfer or other disposition of the Project in compliance with this Agreement, the Owner so selling, transferring or otherwise disposing of the Project shall have no further liability for obligations under the Financing Agreement arising after the date of such disposition. The foregoing notwithstanding, the duties and obligations of the Owner as set forth in the Bond Mortgage Loan Documents with respect to matters arising prior to the date of such sale, transfer or other disposition shall not terminate upon the sale, transfer or other disposition of the Project. The foregoing restrictions on transfer shall not apply to foreclosures, deeds in lieu of foreclosure, transfer by exercise of the power of sale or other similar transfer. Any such sale or transfer shall be subject to the Issuer's Multifamily Rules.

Section 10. Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, shall terminate in its entirety at the end

of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Mortgage, termination of the Financing Agreement and defeasance or termination of the Indenture.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement shall terminate, without the requirement of any consent by the Issuer and the Trustee, and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions hereof, or foreclosure or transfer of title by deed in lieu of foreclosure or exercise of the power of sale, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds are retired in full or amounts received as a consequence of such event are used to provide a qualified residential rental project which meets the requirements of the Code set forth in Sections 1A through 4 of this Regulatory Agreement and the Act. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or exercise of power of sale or similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for tax purposes. The Issuer shall not be required to consent to termination of this Regulatory Agreement for any reason other than those specified above.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Agreement in accordance with its terms. All costs, including reasonable and actual fees and expenses of the Issuer and the Trustee, incurred in connection with the termination of this Regulatory Agreement shall be paid by the Owner and its successors in interest.

Section 11. Covenants To Run With the Land. The Owner hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer, the Trustee and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project; provided, however, that upon the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Section 12. Burden and Benefit. The Issuer, the Trustee and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Issuer, the Trustee and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low-Income

Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

Section 13. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 14. Default; Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Issuer or the Trustee to the Owner in accordance with the Indenture, then the Trustee, acting on its own behalf or on behalf of the Issuer, provided a responsible officer of the Trustee actually knows of such default, shall declare an "Event of Default" to have occurred hereunder; provided, further, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Owner institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the tax-exempt status of interest on the Bonds. The Issuer and the Trustee agree that a cure of any Event of Default made or tendered by any partner or member of Owner shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if tendered by Owner.

Following the declaration of an Event of Default hereunder, the Trustee, subject to being indemnified to its satisfaction with respect to the costs and expenses of any proceeding, or the Issuer may, at its option, take any one or more of the following steps:

(i) by mandamus or other suit, action or proceeding for specific performance, including injunctive relief, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project; and

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder.

The Owner hereby agrees that specific enforcement of the Owner's agreements contained herein is the only means by which the Issuer and the Trustee may obtain the benefits of such agreements made by the Owner herein, and the Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Owner hereunder.

All rights and remedies herein given or granted to the Issuer and the Trustee are cumulative, nonexclusive and in addition to any and all rights and remedies that the Issuer and the Trustee may have or may be given by reason of any law, statute, ordinance, document or otherwise. Notwithstanding the availability of the remedy of specific performance provided for in this Section, promptly upon determining that a violation of this Regulatory Agreement has occurred, the Issuer shall to the extent that it has actual knowledge thereof, give written notice to the Trustee that a violation of this Regulatory Agreement has occurred.

Section 15. The Trustee. The Trustee shall act as specifically provided herein and in the Indenture. Subject to the right of the Trustee to be indemnified as provided in the Indenture, the Trustee shall act as the agent of and on behalf of the Issuer when requested in writing by the Issuer to do so, and any act required to be performed by the Issuer as herein provided shall be deemed taken if such act is performed by the Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and obligations of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article IX thereof, which are incorporated by reference herein. The incorporated provisions of the Indenture are intended to survive the retirement of the Bonds, discharge of the Mortgage, termination of the Financing Agreement and defeasance or termination of the Indenture.

Neither the Trustee nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence, bad faith, fraud or willful misconduct. No provision of this Regulatory Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that the payment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Trustee shall examine all documents prepared by the Borrower and furnished to the Trustee to determine whether such documents conform on their face to the requirements of this Regulatory Agreement. The Trustee shall notify the Issuer and Borrower in writing if the Trustee does not receive any document from the Borrower at the time required under this Regulatory Agreement or if such document does not conform on its face to the requirements of this Regulatory Agreement. The Trustee may conclusively rely on and shall be protected in acting or omitting to act in good faith upon the certificates and other writings, which conform to the requirements of this Regulatory Agreement, as the Trustee may receive in connection with the administration of its obligation hereunder and has no duty or obligation to make an independent investigation with respect thereto.

Section 16. Recording and Filing. The Owner shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of Travis County, Texas and in such other places as the Issuer or the Trustee may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording. This Agreement is subject to and subordinate to all matters of record as of the date hereof.

Section 17. Reimbursement of Expenses. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, throughout the term of this Regulatory Agreement, the Owner shall continue to pay to the Issuer and the Trustee reimbursement for all fees and expenses actually incurred thereby required to be paid to the Issuer and the Trustee by the Owner pursuant to the Financing Agreement.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State (other than in respect of conflicts of laws). The Trustee's rights, duties, powers and obligations hereunder are governed in their entirety by the terms and provisions of this Agreement and the Indenture.

Section 19. Amendments. Subject to the provisions of Section 3 hereof, this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto, or their successors in title and duly recorded in the real property records of Travis County, and only upon receipt by the Issuer, the Owner and the Trustee of a Favorable Opinion of Bond Counsel regarding such amendment.

Section 20. Notices. Any notice required to be given hereunder to the Issuer, the Trustee or the Owner shall be given in the manner and to the address as set forth in the Indenture.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. Authorization to Act for Issuer. To the extent allowed by law, the Issuer hereby authorizes the Owner to take on behalf of the Issuer all actions required or permitted to be taken by it hereunder, or under the Indenture and the Financing Agreement and to make on behalf of the Issuer all elections and determinations required or permitted to be made by the Issuer hereunder or under the Indenture and the Financing Agreement. In addition, the Issuer hereby authorizes the Owner to exercise, on behalf of the Issuer, any election with respect to the Bonds pursuant to the Code or the Regulations, and the Issuer will cooperate with the Owner and execute any form of statement required by the Code or the Regulations to perfect any such election.

Section 24. Freddie Mac Rider. The Freddie Mac Rider included as Exhibit E is incorporated herein.

Section 25. Third-Party Beneficiary. The parties to this Agreement confirm that the Significant Bondholder is a third-party beneficiary to the rights and benefits of this Agreement.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer, the Trustee and the Owner have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

AUSTIN HOUSING FINANCE CORPORATION

By: _____
Title: General Manager

Attest:

By: _____
Name: Shirley Gentry
Title: Secretary

The Bank of New York Mellon Trust Company, N.A., as Trustee

By: _____
Name:
Title:

Marshall Affordable Partners, Ltd.

By: _____, its General Partner

By: _____

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 2011, by _____ of Austin Housing Finance Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____
Notary Public Signature

(Personalized Seal)

ACKNOWLEDGMENT

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2011, by _____, authorized signatory of _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____
Notary Public Signature

(Personalized Seal)

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2011, by _____, _____, the _____ of _____, the general partner of Marshall Affordable Partners, Ltd., an Alabama limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____
Notary Public Signature

(Personalized Seal)
Authorized Officer_____ the

EXHIBIT A

Legal Description Attached.

EXHIBIT B

PROJECT AND OWNER

Owner:	MARSHALL AFFORDABLE PARTNERS, LTD.
Project:	Marshall Apartments (1157 Salina Street and 1401 East 12th Street Austin, Texas)
Units:	24 one bedroom units, 36 two bedroom units, 24 three bedroom units and 16 four bedroom units

EXHIBIT C

TENANT INCOME CERTIFICATION

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Marshall Apartments)
Series 2011

VERIFICATION OF INCOME

RE:

Apartment Number: _____ Building Number: _____ Square footage: _____

Number of Bedrooms: _____ Initial Monthly Rent: $_____

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

1. Name of Members of the Household		2. Relationship to Head of Household		3. Age		4. Social Security Number		5. Place of Employment
		Head						
		Spouse						

6. The anticipated income of all the above persons during the 12-month period beginning on the later of the date on which (a) the above persons first occupy the apartment or sign a lease with respect to the apartment or (b) such annual period commencing on the anniversary date of such date of first occupancy or the signing of a lease, including income described in (a) below, but excluding all income described in (b) below, is $_____.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below):

(i) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;

(ii) net annual income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization or capital indebtedness). (An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Include any withdrawal of cash or assets from the operation of a business or profession, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the above persons);

(iii) interest and dividends (include all income from assets as set forth in item 7(b) below and include any withdrawal of cash or assets from an investment, except to the extent the withdrawal is reimbursement of cash or assets invested by the above persons);

(iv) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;

(v) payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay;

(vi) any welfare assistance: if the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, include as income (a) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus (b) the maximum amount that the welfare assistance agency could in fact allow the above persons for shelter and utilities. (If the welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under clause (b) shall be the amount resulting from one application of the percentage);

(vii) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(viii) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household, spouse or other household member whose dependents are residing in the unit; and

(ix) any earned income tax credit to the extent it exceeds income tax liability.

(b) The following income is excluded from the amount set forth above:

(i) Income from employment of children (including foster children) under the age of 18 years;

(ii) Payment received for the care of foster children;

(iii) Lump-sum additions to household assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses;

(iv) Amounts received by the household that are specifically for, or in reimbursement of, the cost of medical expenses for any household member;

(v) Income of a live-in aide;

(vi) Amounts of education scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student. Any amount of such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included in income;

(vii) The special pay to a household member serving in the Armed Forces who is exposed to hostile fire;

(viii) (a) Amounts received under training programs funded by Housing and Urban Development ("HUD");

(b) Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency ("PASS");

(c) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(ix) Temporary, nonrecurring or sporadic income (including gifts); or

(x) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937.

7. If any of the persons described in column 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands, but including the value of any assets disposed of for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the previous two years), provide:

(a) the total value of all such assets owned by all such persons:

$_____; and

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: $_____.

8. (a) Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes __ No

(b) (Complete only if the answer to Question 8(a) is "Yes.") Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes __ No

We acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on bonds issued to finance construction of the apartment building for which application is being made. We consent to the disclosure of such information to the issuer of such bonds, the holders of such bonds, any trustee acting on their behalf and any authorized agent of the Treasury Department or Internal Revenue Service.

Date:_____ _____

Head of Household

_____

Spouse

STATE OF TEXAS §
§
COUNTY OF _____ §

Subscribed, sworn to and acknowledged before me this _____ day of _____, 2011.

_____

Notary Public of the State of Texas

(Notary Seal)

NOTE TO PROJECT OWNER: A vacant unit previously occupied by individuals or a family of very low income may be treated as occupied by individuals or a family of very low income until reoccupied (other than for a period of 31 consecutive days or less), at which time the character of the unit shall be redetermined.

FOR COMPLETION BY PROJECT OWNER ONLY:

I. Calculation of eligible income:

(A) Enter amount entered for entire household in 6 above: $_____

(B) If the amount entered in 7(a) above is greater than $5,000, enter:

(i) the product of the amount entered in 7(a) above multiplied by the current passbook savings rate as determined by HUD: $_____

(ii) the amount entered in 7(b) above: $_____

(iii) line (i) minus line (ii) (if less than $0, enter $0): $_____

(C) TOTAL ELIGIBLE INCOME (line I(A) plus line I(B)(iii)): $_____

II. Qualification as individuals or a family of low income:

(A) Is the amount entered in line 1(c) less than 60% of Median Income for the Area[??] with adjustments for smaller and larger families?

Yes ___ No

(B) (i) If line II(A) is "No," then the household does not qualify as individuals or a family of low income; skip to item III.

(ii) If line II(A) above is "Yes" and 8(a) above is "No," then the household qualifies as individuals or a family of low income; skip to item III.

(iii) If line II(A) above is "Yes" and 8(b) above is "Yes," then the household qualifies as individuals or a family of low income; skip to item III;

(iv) If neither (ii) nor (iii) is applicable, then the household does not qualify as individuals or a family of low income.

---

1 "Median income for the Area" means the area median gross income as determined by the Secretary of the Treasury in a manner consistent with determinations of lower-income families and area median gross income under Section 8 of the United States Housing Act of 1937, including adjustments for family size or, if programs under Section 8 are terminated, area median gross income determined under the method in effect immediately before such termination.

III. (Check one)

The household does not qualify as individuals or a family of low income.

The household qualifies as individuals or a family of low income.

IV. Number of apartment unit assigned:
(enter here and on page 1)

V. Method used to verify applicant's income:

____ Employer income verification

____ Copies of tax returns

____ Other (_____)

Date:_____

Marshall Affordable Partners, Ltd.

By: _____, its General Partner

By: _____

EXHIBIT D

COMPLIANCE MONITORING REPORT

TO: Austin Housing Finance Corporation
1000 East Eleventh Street, Suite 200
Austin, Texas 78702
Attention: Bond Finance Manager

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Marshall Apartments)
Series 2011

_____ (the "Owner"), hereby represents and warrants that:

1. A review of the activities of the Owner during the period of _____ through _____ and of then Owner's performance under the Financing Agreement has been made under the supervision of the undersigned.

2. The Owner owns Marshall Apartments (the "Project").

3. The Project was financed, in substantial part, as a result of the indirect loan of the proceeds of the Bonds.

4. The undersigned and the Owner have read and are thoroughly familiar with the provisions of (1) the Regulatory Agreement and Land Use Restriction Agreement (the "Regulatory Agreement"), dated as of _____, 2011, among the Owner, Austin Housing Finance Corporation (the "Issuer") and _____, as Trustee (the "Trustee"); and (2) the Financing Agreement, dated as of _____, 2011, among the Owner, the Trustee and the Issuer (the "Financing Agreement"). The Regulatory Agreement was executed, delivered, and recorded against the Project in connection with the issuance of the Bonds. Hereinafter, unless otherwise expressly provided herein or unless the context requires otherwise, the capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Regulatory Agreement.

5. The Project's Qualified Project Period with respect to the project, the period beginning on the closing date and ending on the later of (i) the date which is 20 years after the closing date, (ii) the first date on which no tax-exempt bond issued with respect to the Project is outstanding, or (iii) the first date on which the Project no longer receives assistance under Section 8 of the United States Housing Act of 1937, as amended.

6. Commencing on the Closing Date and continuing throughout the remainder of the Qualified Project Period 40% of the units of the Project shall at all times be rented to and occupied by Low Income Tenants at Affordable Rents.

7. As of the date of this Certificate, the following percentages of completed residential units in the Project (i) are occupied by Low Income Tenants or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants: ____ percent

Held vacant for occupancy continuously since last occupied by Low Income Tenant: ____ percent

8. At no time since the date of filing of the last Continuing Program Compliance Certificate has less than all of the units in the Project been occupied by or, if vacant, been last occupied by Low Income Tenants at Affordable Rents.

9. To the best knowledge of the undersigned, after due inquiry, all Units were rented or available for rental on a continuous basis during the immediately preceding year to members of the general public, and the Owner is not now and has not been in default under the terms of the above-referenced Regulatory Agreement and, to the best knowledge of the undersigned, no Determination of Taxability has occurred with respect to the Bonds.

10. (If the Owner is in default under the terms of the Regulatory Agreement or the Owner has actual knowledge of a Determination of Taxability with respect to the Bonds, such knowledge should be detailed here:)

11. The Owner has not transferred any interest in the Project since the date of submission of the Continuing Program Compliance Certificate last submitted to the Trustee and the Issuer with respect to the Project. (If the Owner has transferred any interest in the Project, such transfer should be detailed here:)

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the percentage of units which are occupied by Low Income Tenants and which became Low Income Units since the filing of the last Continuing Program Compliance Certificate. The information contained thereon is, to the best knowledge of the Owner (based upon information supplied by tenants of the Project), true and accurate.

Marshall Affordable Partners, Ltd.

By: _____, its General Partner

By: _____

OCCUPANCY SUMMARY
AS OF _____

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Marshall Apartments)
Series 2011

PROJECT NAME: MARSHALL APARTMENTS

PROJECT LOCATION: 1157 Salina Street and 1401 East 12th Street Austin, Texas

I.D.#: Page __ of

TOTAL NO. UNITS: ___ REQ'D NO. LOW INCOME UNITS:

TOTAL UNITS OCCUPIED:
TOTAL LOW INCOME OCCUPIED:
(PERCENTAGE: %)

PREPARED AND SUBMITTED BY:

_____

Phone:_____

Date:_____

Number of Low Income Tenants commencing occupancy this month/quarter:

Number of Low Income Tenants whose Adjusted Income exceeded 140% of the applicable income limit for a Low Income Tenant of the same family size this month/quarter:

Number of Low Income Tenants terminating occupancy this month/quarter:

For Period _____ through _____.

EXHIBIT E

FREDDIE MAC RIDER

This Freddie Mac Rider (the "Rider") is attached to and forms a part of the Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), dated as of _____ 1, 2011, by and among Austin Housing Finance Corporation (the "Issuer"), The Bank of New York Mellon Trust Company, N.A. as bond trustee (together with any successor in such capacity, the "Trustee"), and Marshall Affordable Partners, Ltd. (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the "Borrower").

1. Definitions. Terms used in this Rider as defined terms shall have the meanings given those terms in the Regulatory Agreement. In addition, the following terms shall have the following meanings:

"Bonds" means Austin Housing Finance Corporation Multifamily Housing Revenue Bonds, Series 2011

"Bond Mortgage" means the First Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing, together with all riders thereto, securing the Bond Mortgage Note, to be executed by the Borrower with respect to the Project, as it may be amended, modified, supplemented or restated from time to time.

"Bond Mortgage Loan" means the loan to the Borrower pursuant to the Bond Mortgage Loan Documents, which Bond Mortgage Loan is to be assigned to the Trustee.

"Bond Mortgage Loan Documents" means the Bond Mortgage Note, the Bond Mortgage, the Financing Agreement, the Regulatory Agreement, any Custodial Escrow Agreement, the Credit Enhancement Agreement, the Reimbursement Agreement, the Reimbursement Mortgage, the Intercreditor Agreement and any and all other instruments documenting, evidencing, securing or otherwise relating to the Bond Mortgage Loan.

"Bond Mortgage Note" means the Bond Mortgage Note, including applicable addenda, to be executed by the Borrower in favor of the Issuer, evidencing the Borrower's financial obligations under the Bond Mortgage Loan, and to be endorsed by the Issuer, without recourse, to the order of the Trustee, as the same may be amended, modified, supplemented or restated from time to time.

"Financing Agreement" means the Financing Agreement dated as of _____ 1, 200_, among the Borrower, the Issuer and the Trustee, as such Financing Agreement may from time to time be amended or supplemented.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States.

"Indenture" means the Trust Indenture, dated as of _____ 1, 200_, between the Issuer and the Trustee, pursuant to which the Bonds are issued, as amended, modified, supplemented or restated from time to time.

"Servicer" means Oak Grove Commercial Mortgage, LLC, or any successor Servicer selected by Freddie Mac.

2. Applicability. The provisions of this Rider shall amend and supplement the provisions of, and in the event of a conflict shall supersede the conflicting provisions of, the Regulatory Agreement.

3. Indemnification. Inasmuch as the covenants, reservations and restrictions of the Regulatory Agreement run with the land, the indemnification obligations of the Borrower contained in the Regulatory Agreement will be deemed applicable to any successor in interest to the Borrower, but, it is acknowledged and agreed, notwithstanding any other provision of the Regulatory Agreement to the contrary, that neither Freddie Mac nor any successor in interest to Freddie Mac will assume or take subject to any liability for the indemnification obligations of the Borrower for acts or omissions of the Borrower prior to any transfer of title to Freddie Mac, whether by foreclosure, deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan. The Borrower shall remain liable under the indemnification provisions for its acts and omissions prior to any transfer of title to Freddie Mac. Freddie Mac shall indemnify the Issuer following acquisition of the Project by Freddie Mac, by foreclosure, deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan, during, and only during, any ensuing period that Freddie Mac owns and operates the Project, provided that Freddie Mac's liability shall be strictly limited to acts and omissions of Freddie Mac occurring during the period of ownership and operation of the Project by Freddie Mac. Freddie Mac shall have no indemnification obligations with respect to the Bonds or the Bond Mortgage Loan Documents. The Borrower shall remain liable under the Regulatory Agreement for its actions and omissions prior to any transfer of title to Freddie Mac.

4. Sale or Transfer. Restrictions on sale or transfer of the Project or of any interest in the Borrower, Issuer and/or Trustee consents, transferee agreements, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like shall not apply to any transfer of title to the Project to Freddie Mac or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the Bond Mortgage Loan or to any subsequent transfer by Freddie Mac following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan. No transfer of the Project shall operate to release the Borrower from its obligations under the Regulatory Agreement. Nothing contained in the Regulatory Agreement shall affect any provision of the Bond Mortgage or any of the other Bond Mortgage Loan Documents that requires the Borrower to obtain the consent of Freddie Mac as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Bond Mortgage. No covenant obligating the Borrower to obtain an agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement shall have any applicability to a transfer to Freddie Mac upon foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan by Freddie Mac, or to any subsequent transfer by Freddie Mac following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan. Any written consent to a sale or transfer obtained from

the Issuer must be deemed to constitute conclusive evidence that the sale or transfer is not a violation of the transfer provisions.

5. Enforcement. Notwithstanding anything contained in the Regulatory Agreement or the Indenture to the contrary:

(i) the occurrence of an event of default under the Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Bond Mortgage Loan Documents, except as may be otherwise specified in the Bond Mortgage Loan Documents;

(ii) neither the Issuer nor the Trustee may, upon the occurrence of an event of default under the Regulatory Agreement, seek, in any manner, to (a) cause or direct acceleration of the Bond Mortgage Loan, (b) enforce the Bond Mortgage Note, (c) foreclose on the Bond Mortgage, (d) cause the Trustee to redeem the Bonds or to declare the principal of the Bonds and the interest accrued on the Bonds to be immediately due and payable or (e) cause the Trustee to take any other action under any of the Bond Mortgage Loan Documents or any other documents which action would or could have the effect of achieving any one or more of the actions, events or results described in the preceding clauses (a) through (d); and

(iii) the occurrence of an event of default under this Regulatory Agreement shall not impair, defeat or render invalid the lien of the Bond Mortgage.

No person other than Freddie Mac shall have the right to (a) declare the principal balance of the Bond Mortgage Note to be immediately due and payable or (b) commence foreclosure or other like action with respect to the Bond Mortgage. The Issuer and the Trustee acknowledge the foregoing limitations.

The foregoing prohibitions and limitations are not intended to limit the rights of the Issuer or the Trustee to specifically enforce the Regulatory Agreement or to seek injunctive relief in order to provide for the operation of the Project in accordance with the requirements of the Internal Revenue Code and state law. Accordingly, upon any default by the Borrower, the Issuer or the Trustee may seek specific performance of the Regulatory Agreement or enjoin acts which may be in violation of the Regulatory Agreement or unlawful, but neither the Issuer nor the Trustee may seek any form of monetary recovery from the Borrower, although the Issuer may seek to enforce a claim for indemnification, provided that no obligation of the Borrower under the Regulatory Agreement, including, without limitation, any indemnification obligation, any other obligation for the payment of money, any claim and any judgment for monetary damages against the Borrower, occasioned by breach or alleged breach by the Borrower of its obligations under the Regulatory Agreement or otherwise, shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of the Issuer, the Trustee or any other person, and all such obligations shall be, and by this Rider are, subordinate in priority, in right to payment and in all other respects to the obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Bond Mortgage Loan Documents. Accordingly, neither the Issuer nor the Trustee shall have the right to enforce any monetary obligation other than directly against the Borrower, without recourse to the Project. In addition, any such enforcement must not cause the Borrower to file a petition seeking

reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

The obligations of any owner under the Regulatory Agreement shall be personal to the person who was the owner at the time that an event, including, without limitation, any default or breach of the Regulatory Agreement, occurred or was alleged to have occurred, and such person shall remain liable for any and all such obligations, including damages occasioned by a default or breach, even after such person ceases to be the owner of the Project. Accordingly, no subsequent owner of the Project shall be liable or obligated for the obligation of any prior owner (including the Borrower), including, but not limited to, any obligation for payment, indemnification or damages, for default or breach of the Regulatory Agreement or otherwise. The owner of the Project at the time the obligation was incurred, including any obligation arising out of a default or breach of the Regulatory Agreement, shall remain liable for any and all payments and damages occasioned by the owner even after such person ceases to be the owner of the Project, and no person seeking such payments or damages shall have recourse against the Project.

Under no circumstances shall the Issuer or the Trustee:

(i) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due and payable under, the Bond Mortgage Loan;

(ii) interfere with or attempt to influence the exercise by Freddie Mac of any of its rights under the Bond Mortgage Loan, including, without limitation, Freddie Mac's remedial rights under the Bond Mortgage Loan Documents upon the occurrence of an event of default by the Borrower under the Bond Mortgage Loan; or

(iii) upon the occurrence of an event of default under the Bond Mortgage Loan, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Bond Mortgage Loan.

6. Notice of Violations. Promptly upon determining that a violation of the Regulatory Agreement has occurred, the Issuer or the Trustee shall, by notice in writing to the Borrower, the Servicer and Freddie Mac, inform the Borrower, the Servicer and Freddie Mac that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable; notwithstanding the occurrence of such violation, neither the Issuer nor the Trustee shall have, and each of them acknowledge that they shall not have, any right to cause or direct acceleration of the Bond Mortgage Loan, to enforce the Bond Mortgage Note or to foreclose on the Bond Mortgage.

7. Amendments. The Regulatory Agreement shall not be amended without the prior written consent of Freddie Mac.

8. Fees; Penalties. Freddie Mac shall not be liable for the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by the

Borrower or any subsequent owner of the Project prior to the date of acquisition of the Project by Freddie Mac, whether such acquisition is by foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Bond Mortgage Loan.

9. Subordination. The terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 2(i) and 4, are and shall at all times remain subject and subordinate, in all respects, to the liens, rights and interests created under the Bond Mortgage Loan Documents.

10. Third-Party Beneficiary. The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of Freddie Mac and are entered into for the benefit of various parties, including Freddie Mac. Freddie Mac shall accordingly have contractual rights in the Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Issuer and/or the Trustee, or to cause the Issuer or the Trustee to enforce, the terms of the Regulatory Agreement. In addition, Freddie Mac is intended to be and shall be a third-party beneficiary of the Regulatory Agreement.

11. Notices. Copies of all notices under the Regulatory Agreement shall be sent to the Servicer at the address set forth below or to such other address as the Servicer may from time to time designate:

Oak Grove Commercial Mortgage, LLC
2177 Youngman Avenue
St. Paul, Minnesota 55116
Attention: Loan Servicing
Telephone: (763) 656-4442
Telecopier: (763) 656-4500

Any notice to be given to Freddie Mac shall be sent to Freddie Mac at the address set forth below or to such other address as Freddie Mac may from time to time designate:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4Q
McLean, Virginia 22102
Attention: Director of Multifamily Loan Accounting
Facsimile: (571) 382- 4798
Telephone: (703) 714-4177

with a copy to: Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, Virginia 22102
Attention: Managing Associate General Counsel – Multifamily Legal Division
Facsimile: (703) 903-2885
Telephone: (703) 903-2000

with a copy to: Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4F
McLean, Virginia 22102
Attention: Director of Multifamily Loan Servicing
Facsimile: (703) 714-3003
Telephone: (703) 903-2000

ASSIGNMENT OF LIENS AND SECURITY INTEREST

THE STATE OF TEXAS :
: KNOWN ALL BY THESE PRESENTS:
COUNTY OF TRAVIS :

Austin Housing Finance Corporation (herein called the "Assignor"), for and in consideration of the sum of ten and no/100 dollars ($10.00) cash and valuable consideration in hand paid by The Bank of New York Mellon Trust Company, N.A., a national association, as Trustee, a national banking association (herein called the "Assignee"), and in receipt and sufficiency of which consideration are hereby confessed and acknowledged by the Assignor, has transferred, assigned, sold, set over, and delivered, and does hereby transfer, assign, sell, set over, and deliver, unto the Assignee the First Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of _____, 2011, made by the Marshall Affordable Partners, Ltd. to the Assignor for the benefit and use of the Austin Housing Finance Corporation.

This Assignment is made by the Assignor without recourse or warranty, express or implied. This Assignment is executed in connection with and in furtherance of a Trust Indenture of even date herewith by and between the Assignee and the Assignor and a Loan Agreement of even date herewith by and between the Assignor and the Marshall Affordable Partners, Ltd. (herein called the "Borrower"), all in connection of the issuance of the Austin Housing Finance Corporation's Multifamily Housing Revenue Bonds (Marshall Apartments) Series 2011.

AFTER RECORDING RETURN TO:

The Bank of New York Mellon Trust Company, N.A.

_____

_____

Attn: _____

Executed on the date of the acknowledgment set forth hereinbelow, to be effective, however, for all purposes as of the _____ day of _____, 2011.

_____
_____, as Assignor

THE STATE OF TEXAS :
COUNTY OF TRAVIS :

This instrument was acknowledged before me on the ___ day of _____, 2011 by _____, of Austin Housing Finance Corporation.

(SEAL)

Witness my hand and seal at office in _____ this _____ day of _____, 2011.

_____
Notary Public

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

KUTAK ROCK LLP
DRAFT 02/18/11

Nick Pirulli
Krooth & Altman LLP
1850 M Street, NW, Suite 400
Washington, DC 20036

Freddie Mac Loan No. _____

AUSTIN HOUSING FINANCE CORPORATION
as Issuer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

and

FEDERAL HOME LOAN MORTGAGE CORPORATION,
as Freddie Mac

INTERCREDITOR AGREEMENT

$_____
Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Marshall Apartments),
Series 2011

Dated as of _____ 1, 2011

INTERCREDITOR AGREEMENT

THIS INTERCREDITOR AGREEMENT (this "Agreement") is dated as of _____ 1, 2011, and is made among **AUSTIN HOUSING FINANCE CORPORATION** (the "Issuer"), **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, in its capacity as trustee (the "Trustee"), and **FEDERAL HOME LOAN MORTGAGE CORPORATION** ("Freddie Mac").

RECITALS

START Pursuant to, and in accordance with Chapter 394 of the Texas Local Government Code, as amended, and in accordance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), the Issuer has issued its Multifamily Housing Revenue Bonds (Marshall Apartments), Series 2011, in the aggregate principal amount of $_____ (the "Bonds"). The Bonds were issued pursuant to the Trust Indenture dated as of _____ 1, 2011 between the Issuer and the Trustee (the "Indenture"). The proceeds of the Bonds were used by the Issuer to fund a mortgage loan (the "Bond Mortgage Loan") to Marshall Affordable Partners, Ltd., a limited partnership duly organized and existing under the laws of the State of Alabama (the "Borrower") under a Financing Agreement dated as of _____ 1, 2011, among the Issuer, the Trustee and the Borrower (the "Financing Agreement"), and used by the Borrower for the sole and exclusive purpose of financing the acquisition, rehabilitation and equipping of a __-unit multifamily housing project located in Austin, Texas, to be known as Marshall Apartments, which property is more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Project").

The Bond Mortgage Loan is evidenced by the Bond Mortgage Note dated _____, 2011, executed by the Borrower in the amount of $_____ and payable to the order of the Trustee (the "Bond Mortgage Note") and the Borrower's obligations under the Bond Mortgage Note are secured by [Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing] dated as of _____, 2011 (the "Bond Mortgage") encumbering the Project, which Bond Mortgage has been recorded in the official records of the _____, Travis County, Texas (the "Official Records") prior to the recordation of this Agreement. The Issuer assigned certain of its rights under the Financing Agreement and the Bond Mortgage to the Trustee pursuant to the Indenture.

The Borrower has requested that Freddie Mac execute and deliver to the Trustee a Credit Enhancement Agreement dated as of _____ 1, 2011 (the "Credit Enhancement Agreement") to provide payment for and secure the payment of amounts owing under the Financing Agreement sufficient to pay the principal and interest on the Bonds, as well as the purchase price of the Bonds tendered or deemed tendered pursuant to terms of the Indenture for which remarketing proceeds are insufficient. Freddie Mac is executing and delivering the Credit Enhancement Agreement concurrently with the execution of this Agreement.

To evidence the Borrower's reimbursement obligations to Freddie Mac as a result of payments made by Freddie Mac under the Credit Enhancement Agreement, the Borrower and Freddie Mac are entering into a Reimbursement and Security Agreement (the "Reimbursement Agreement") contemporaneously with the execution hereof.

The Borrower's obligations to Freddie Mac under the Reimbursement Agreement will be secured by a [Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing] dated as of _____, 2011 (as it may be amended or supplemented from time to time, the "Reimbursement Mortgage"), encumbering the Project, which Reimbursement Mortgage will be recorded in the Official Records immediately after the recordation of the Bond Mortgage.

It is a condition to the delivery of the Credit Enhancement Agreement by Freddie Mac that the rights of the Issuer, the Trustee and Freddie Mac to enforce remedies under the Bond Mortgage and the Reimbursement Mortgage, respectively, be established between and among the parties hereto.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises contained herein and in order to induce Freddie Mac to execute and deliver the Credit Enhancement Agreement and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. ***Defined Terms.*** Unless otherwise defined herein, or unless the context clearly indicates otherwise, each term used in this Agreement including in the Recitals set forth above, and which is defined in the Indenture or the Reimbursement Agreement, as applicable, shall have the meaning given to such term by the Indenture or the Reimbursement Agreement.

As used herein, the following terms shall have the meanings set forth below:

"*Bond Documents*" means, collectively, the Indenture, the Bonds, the Financing Agreement, the Bond Mortgage Note, the Tax Regulatory Agreement, the Bond Mortgage, the Remarketing Agreement, any Tender Agent Agreement, this Agreement and any other document evidencing or securing the Bonds as such documents shall be amended, modified or supplemented from time to time.

"*Credit Enhancement Documents*" means, collectively, the Reimbursement Agreement, the Reimbursement Mortgage, the Pledge Agreement with respect to the Bonds, the Hedge Agreement, if any, and any other document evidencing or securing the obligations of the Borrower pursuant to the Reimbursement Agreement.

"*Tax Regulatory Agreement*" means the Regulatory and Land Use Restriction Agreement dated as of _____, 2011, by and among the Borrower, the Issuer and the Trustee, to be recorded immediately prior to the Bond Mortgage in the Official Records, together with all supplements thereto.

"*Wrongful Dishonor*" means the failure of Freddie Mac to honor a draw made in accordance with the terms of the Credit Enhancement Agreement (which draw strictly complies with, and conforms to, the terms and conditions of the Credit Enhancement Agreement).

SECTION 2. ***Rules of Construction.*** The words "hereof," "herein," "hereunder," "hereto," and other words of similar import refer to this Agreement in its entirety.

The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

References to Articles, Sections, and other subdivisions of this Agreement are to the designated Articles, Sections, and other subdivisions of this Agreement as originally executed. Reference herein to any document or instrument shall be deemed to include any amendments or supplements to, or restatements of, such documents or instrument.

The headings of this Agreement are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

SECTION 3. ***Exercise of Rights and Remedies by Freddie Mac.***

(A) Until either a Wrongful Dishonor has occurred and is continuing, or the Credit Enhancement Agreement terminates in accordance with its terms and all of the Borrower's obligations to Freddie Mac under the Reimbursement Agreement shall have been paid in full:

(i) Except as provided in Sections 3(C) and 3(D), without the prior written consent of Freddie Mac, neither the Trustee nor the Issuer may exercise any of its rights and remedies as beneficiary under the Bond Mortgage or as a secured party with respect to the liens and security interests created by the Financing Agreement or take any action to cause a redemption or mandatory tender of the Bonds or to declare the outstanding balance of the Bonds or the Bond Mortgage Note to be due pursuant to the Indenture or the Financing Agreement or to foreclose the lien of the Bond Mortgage, to seek the appointment of a receiver or to collect rents or realize upon any other collateral held as security for the Bonds, declare a default or event of default, or file or join in the filing of any judicial proceeding to collect the indebtedness secured by the Bond Mortgage.

(ii) Any and all consents and approvals of the Trustee as beneficiary required under the Bond Mortgage shall be given only with the prior written consent of Freddie Mac, in its sole discretion.

(iii) Freddie Mac and the Trustee shall each be named as a mortgagee on all fire, extended coverage and other hazard insurance policies required under the Bond Mortgage and all proceeds shall be held and applied by Trustee in accordance with this paragraph. The application of the proceeds of insurance or condemnation ("Insurance/Condemnation Proceeds") shall be solely as directed by Freddie Mac in accordance with the terms of the Reimbursement Mortgage and subject to the requirement that excess proceeds remaining after the use of such Insurance/Condemnation Proceeds for the repair, restoration, rebuilding or alteration of the Project and for payment of costs incurred by Freddie Mac in connection with such casualty or condemnation shall be deposited with the Trustee and applied in accordance with the Indenture to reimburse Freddie Mac for a drawing upon the Credit Enhancement Agreement for the purpose of redeeming the Bonds in accordance with the Indenture.

(iv) Except as provided in Sections 3(C) and 3(D), any and all demands permitted to be made by the beneficiary under the terms of the Bond Mortgage shall be made only by or at the written direction of Freddie Mac in its sole discretion (the beneficiary may request, however, that Freddie Mac, in its discretion, provide such direction).

(v) Except as provided in Sections 3(C) and 3(D), Freddie Mac, in its sole discretion, shall have the sole right to direct the Trustee to waive or forbear any term, condition, covenant or agreement of the Bond Mortgage applicable to the Borrower as Trustor, or any breach thereof, other than a covenant that might adversely impact the tax-exempt status of the Bonds.

(vi) Except as provided in Sections 3(C) and 3(D), Freddie Mac shall control all of the Bond Mortgage Rights (as such term is defined below) and Freddie Mac shall have the right, power and authority to direct the Trustee with respect to all decisions in connection with the Bond Mortgage, which pursuant to its terms may be made by the beneficiary, except Freddie Mac shall *not* have the right to direct the Trustee to take or refrain from taking action that would adversely impact the tax-exempt status of the Bonds. The parties hereto agree that although all Bond Mortgage Loan payments are required to be made monthly under the Financing Agreement during a period while the Bonds bear interest at a Variable Rate and semiannually during a Reset Period or the Fixed Rate Period, the Borrower has agreed to make monthly Bond Mortgage Loan payments under the Reimbursement Agreement to the Servicer in the manner and at the times set forth in the Reimbursement Agreement. "Bond Mortgage Rights" collectively means, with respect to the Bond Mortgage Loan, all rights of the Issuer, the Trustee and/or the beneficiary under the Bond Mortgage (other than those rights specifically excluded below) including without limitation, the right to receive any and all Bond Mortgage Loan payments thereunder and all of the rights and interests under the Bond Mortgage, and to vest in its independent contractor, including the Servicer, such rights, powers and authority as may be necessary to implement any of the foregoing; "Bond Mortgage Rights" does not mean, and expressly excludes (a) the Issuer's rights under Sections 2.4, 2.5, 4.2, 4.3, 6.1 and 7.4 of the Financing Agreement; (b) the right to receive payments relating to the redemption premium of a redeemed Bond; (c) the Issuer's and the Trustee's right to require the Borrower to pay rebate, meet continuing disclosure requirements and the right to specifically enforce the Tax Regulatory Agreement; and (d) the Trustee's rights to specifically enforce the Borrower's obligations to make payments owing to the Trustee pursuant to Sections 2.4, 2.5, 4.2, 4.3, 6.1 and 7.4 of the Financing Agreement; *provided, however*, that the enforcement of such rights of the Trustee or the Issuer is limited as provided in Sections 3(C) and 3(D) (such rights are referred to herein as the "Mortgagee Retained Rights").

(vii) The Trustee and the Issuer covenant and agree neither to file nor join in the filing of any involuntary petition involving the Borrower under the federal bankruptcy laws or other federal or state reorganization, receivership, insolvency or similar proceeding without the prior written consent of Freddie Mac.

(viii) Neither the Trustee nor the Issuer shall acquire by subrogation, contract or otherwise any lien upon or other estate, right or interest in the Project or any rents or revenues therefrom that are not subject to the terms of this Agreement.

(ix) Upon the initiation of any liquidation or reorganization of the Borrower or any of the entities comprising Borrower or any of the partners of any such entity (Borrower and all such entities and partners hereinafter collectively referred to as the "Borrower Parties") in or by the filing of any bankruptcy, insolvency or receivership proceeding or upon the initiation of any involuntary liquidation, dissolution or reorganization proceeding involving a Borrower Party, then, in any such case, any payment or distribution, whether in cash, property or securities, to which Trustee or Issuer would be entitled pursuant to the Indenture, Bond Mortgage Note, Financing Agreement or Bond Mortgage, shall instead be paid over to Freddie Mac for application as provided in the Reimbursement Agreement until all amounts due to Freddie Mac under the Reimbursement Agreement have been paid in full.

(x) The Trustee and the Issuer irrevocably authorize Freddie Mac to take any action (but Freddie Mac has *no* obligation to take any such action, in which case the Trustee or the Issuer may proceed) with respect to any payment or distribution, whether in cash or securities, as described in Section (ix) above (in the name of Freddie Mac or in the name of the Trustee or Issuer, as Freddie Mac may deem necessary or advisable for the enforcement of the provisions of this Agreement):

(1) demand, sue for, collect and receive every such payment or distribution described in Section (ix),

(2) file claims and proofs of claims in any statutory or non-statutory proceeding,

(3) vote the full amount of the Bond Mortgage Loan in its sole discretion in connection with any resolution, arrangement, plan of reorganization, compromise, settlement or extension, and

(4) take all such other action (including, without limitation, the right to participate in any composition of creditors and the right to vote the amount of the Bond Mortgage Loan at creditors' meetings for the election of trustees, acceptances of plans and otherwise), as Freddie Mac may deem necessary or advisable for the enforcement of the provisions of this Agreement.

The Trustee and the Issuer agree, upon the initiation of any liquidation or reorganization of any Borrower Party by the filing of any bankruptcy, insolvency or receivership proceeding or upon the initiation of any involuntary liquidation, dissolution or reorganization proceeding involving a Borrower Party, and at the sole expense of the Borrower or if the Borrower fails to pay, at the expense of Freddie Mac, promptly

(1) to take such action as may be requested at any time by Freddie Mac to deliver any instruments required to collect the amount of the Bond Mortgage Loan, on demand therefor, and

(2) to execute and deliver such powers of attorney (only with respect to the Trustee), assignments or other instruments as may be requested by Freddie Mac in order to enable Freddie Mac to enforce any and all claims upon or in respect of the Bond Mortgage Loan and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or in respect of the Bond Mortgage Loan.

Nothing herein contained shall be deemed to preclude the Trustee and the Issuer from appearing or being heard in any bankruptcy, insolvency, or other similar proceedings affecting a Borrower Party, nor from collecting from a Borrower Party the full Bond Mortgage Loan amount due to the Trustee and the Issuer (through subrogation to the rights of Freddie Mac or otherwise) after all amounts due to Freddie Mac under the Reimbursement Agreement and Reimbursement Mortgage shall have been paid in full nor from enforcing, in accordance with this Agreement, the Mortgagee Retained Rights.

For purposes of this Agreement, Freddie Mac's claim or entitlement in any bankruptcy proceeding for post-petition interest shall be senior to the Bond Mortgage Loan and the Bonds and subject to the rights, benefits, terms and provisions of this Agreement as if it were part of the Reimbursement Agreement obligations. The Trustee and the Issuer hereby agree not to seek adequate protection payments in any Borrower or Borrower Party bankruptcy proceeding without the prior written consent of Freddie Mac, which may be granted or withheld by Freddie Mac in its sole discretion. Further, at the sole expense of the Borrower or if the Borrower fails to pay, at the expense of Freddie Mac, the Trustee and the Issuer agree to join, and not object to, or otherwise contest any request for relief from the automatic stay of 11 U.S.C. § 362 requested by Freddie Mac in any bankruptcy proceeding of the Borrower, in order to enable Freddie Mac to foreclose or exercise any of its rights or remedies under the Reimbursement Mortgage to the Project.

The authorization of Freddie Mac set forth above in this subsection (x) shall not obligate Freddie Mac to take any such action.

(xi) Upon the occurrence and during the continuation of a default by the Borrower under the Reimbursement Mortgage, all amounts payable (including, but not limited to, any payment pursuant to an assignment of rents) under the Reimbursement Mortgage shall be paid to Freddie Mac (or the then owner of the Reimbursement Mortgage) in full before any payment or distribution, whether in cash or in other property, shall be made to Trustee or Issuer for the purpose of making Bond Mortgage Loan payments under the Financing Agreement. During the continuation of any default under the Reimbursement Mortgage, any payment or distribution, whether in cash or other property, which would otherwise (but for the provisions contained in this Agreement) be payable or deliverable under the Bond Mortgage, shall be paid or delivered directly to Freddie Mac in satisfaction of any amounts payable (including, but

not limited to, any payment pursuant to an assignment of rents) under the Reimbursement Mortgage, (including any interest thereon accruing after the occurrence of any such default) until all such amounts shall have been paid in full or the default shall have been cured or waived by Freddie Mac.

(xii) If any payment of the rents or other revenues arising from an assignment of rents contained in the Bond Mortgage or distribution of security or the proceeds of any of the foregoing is collected or received by Issuer or Trustee in contravention of any term, condition or provision of this Agreement, Issuer or Trustee, as applicable, immediately will deliver the same to Freddie Mac, in precisely the form received (except for the endorsement or the assignment by Issuer or Trustee, as applicable, where necessary), and, until so delivered, the same shall be held in trust by Issuer or Trustee, as applicable. The Issuer or Trustee shall not be required to deliver money paid by the Borrower pursuant to Sections 2.4, 2.5, 4.2, 4.3, 6.1 or 7.4 of the Financing Agreement (other than money required to be paid to Freddie Mac pursuant to the provisions of such sections) or any rebate payments due under the Indenture.

(xiii) Trustee or Issuer shall not have any right to contest any of the procedures or actions taken by Freddie Mac to exercise its remedies under the Reimbursement Agreement or the Reimbursement Mortgage so long as Freddie Mac is in compliance with its agreements hereunder.

(B) Freddie Mac shall have the right to delegate to the Servicer any of the Bond Mortgage Rights. Neither Freddie Mac nor the Servicer nor their respective officers, directors, employees or agents shall be liable to the Issuer or the Trustee for any action taken or omitted to be taken in good faith by such party in connection with the Bond Mortgage Loan by reason of such party's control of the Bond Mortgage Rights.

(C) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Tax Regulatory Agreement, and if such default remains uncured for a period of 60 days after Borrower and Freddie Mac receive written notice from the Trustee or Issuer stating that a default has occurred pursuant to the Tax Regulatory Agreement, and specifying the nature of the default, the Issuer and the Trustee shall have the right to seek specific performance of the provisions of the Tax Regulatory Agreement, or to exercise their other rights or remedies thereunder; *provided, however*, that the Trustee shall not have the right to accelerate the Bond Mortgage Note or the Bonds, to cause the mandatory tender or redemption of the Bonds, to foreclose under the Bond Mortgage or take any other remedial action under any of the other Bond Documents. The Trustee and the Issuer agree to refrain from the exercise of such permitted remedies if Freddie Mac cures any such default by the Borrower within sixty (60) days after notice to Freddie Mac, if such default is capable of being cured by the payment of money or, in the event of any other default, Freddie Mac commences to cure such default and thereafter diligently proceeds with such cure.

(D) If the Borrower defaults in the performance of its obligations to the Issuer pursuant to Sections 2.4, 2.5, 4.2, 4.3, 6.1 or 7.4 of the Financing Agreement or the Borrower's obligation to comply with continuing disclosure requirements or to make payments to the Trustee owed pursuant to Sections 2.4, 2.5, 4.2, 4.3, 6.1 or 7.4 of the Financing Agreement for

fees, expenses, rebate or indemnification, the Issuer or the Trustee shall have the right to exercise all its rights and remedies thereunder; *provided, however*, that neither the Issuer nor the Trustee shall have the right to accelerate the Bond Mortgage Note or the Bonds, to cause mandatory tender or redemption of the Bonds, to foreclose under the Bond Mortgage or take any other remedial action under any of the other Bond Documents. The Trustee and the Issuer agree to refrain from the exercise of such permitted remedies if Freddie Mac cures any such default by the Borrower within sixty (60) days after receipt by Freddie Mac of written notice of such default, if such default is capable of being cured by the payment of money or, in the event of any other default, Freddie Mac commences to cure such default and thereafter diligently proceeds with such cure, provided that such longer cure period may be agreed to by the Issuer and the Trustee upon receipt of an opinion of Bond Counsel that such period will not adversely affect the exemption of interest on the Bonds from gross income for federal income tax purposes.

(E) The Trustee and the Issuer each acknowledges that Freddie Mac or the Servicer may hold cash or other collateral and reserves to secure the Reimbursement Agreement, which collateral and reserves are not available as security for the Bonds. All cash collateral that is held by the Servicer that is primarily held as security for the payment of principal and interest on the Bonds or to reimburse Freddie Mac for payments made under the Credit Enhancement Agreement shall be invested in obligations the interest on which is excludable from gross income for federal income tax purposes. Freddie Mac agrees that it will instruct the Servicer (based upon the instruction of Bond Counsel) which funds and accounts held by the Servicer are subject to investment yield limitation as described in the Tax Certificate.

(F) The Trustee and the Issuer each acknowledges that Freddie Mac may make advances to the Borrower pursuant to the terms of the Reimbursement Agreement and the Reimbursement Mortgage, or any extension, modification, amendment, renewal, consolidation, increase, reinstatement or supplement thereto, and may make additional loans secured by additional mortgages on the Project ("Additional Loans"). The Trustee and the Issuer each acknowledges that the obligations evidenced by the Reimbursement Agreement and secured by the Reimbursement Mortgage, and the Additional Loans together with accrued interest thereon, plus fees, advances and expenses due and owing by the Borrower thereunder, as applicable, may increase in the future and the agreements of the Trustee and the Issuer set forth in this Agreement shall extend to such amounts that are currently, and that may become, due and owing under the Reimbursement Mortgage and the Additional Loans.

SECTION 4. ***Exercise of Rights and Remedies by Trustee; Transfer of Bond Mortgage Loan.***

(A) Upon (a) the occurrence and during the continuation of a Wrongful Dishonor, or (b) upon the termination or replacement of the Credit Enhancement Agreement in accordance with its terms, and no further obligations of the Borrower to Freddie Mac under the Reimbursement Agreement remain outstanding, Freddie Mac shall not exercise the rights and remedies referred to in Section 3 hereof without the prior written consent of the Trustee, and the actions set forth in Section 3 shall be taken by the Trustee in its sole discretion(B) Unless a Wrongful Dishonor shall have occurred and be continuing, neither the Trustee nor the Issuer shall, without the prior written consent of Freddie Mac, dispose of the Bond Mortgage Loan or transfer the Financing Agreement, the Bond Mortgage Note, the Bond Mortgage or any other

related document or any right or interest in the Financing Agreement, the Bond Mortgage Note, the Bond Mortgage or any other related document other than, in the case of the Trustee, to a successor Trustee pursuant to the terms of the Indenture. As a condition to the effectiveness of any such transfer to a successor trustee, the successor trustee must execute an assumption agreement with respect to this Agreement and the Indenture in form and substance acceptable to Freddie Mac.

SECTION 5. ***Application of Money Received Upon Exercise of Remedies under the Bond Mortgage.*** Any and all amounts received or collected by the Trustee or Freddie Mac in payment of the Bond Mortgage Loan as a result of the exercise of set-off rights, the liquidation of any security interest created by the Bond Documents or the Credit Enhancement Documents, the sale (by foreclosure, power of sale or otherwise) of the Project under the Bond Mortgage or the exercise of any remedies under any of the Bond Documents or the Credit Enhancement Documents against the Borrower or the Project (including rents received from the appointment of a receiver) shall be held by the Trustee or Freddie Mac, as the case may be, for the benefit of the Trustee and Freddie Mac and will be applied as follows:

(A) Until either (i) a Wrongful Dishonor has occurred and is continuing, or (ii) the Credit Enhancement Agreement expires, terminates or is replaced, and the Borrower has no further obligations to Freddie Mac under the Reimbursement Agreement and other documents evidencing Additional Loans, such money held by the Trustee Freddie Mac shall be applied in such manner and in such order as Freddie Mac, in its sole discretion, determines, subject, however, to the terms of the Reimbursement Mortgage and Reimbursement Agreement;

(B) Upon and following the occurrence and continuance of an event described in clause (A)(i) or clause (A)(ii) of this Section 5, such money held by the Trustee and Freddie Mac shall be applied in such manner and in such order (to the extent permitted by the Bond Documents, the Credit Enhancement Documents and applicable law) as the Trustee, in its sole discretion, determines as required under the terms of the Indenture.

SECTION 6. ***Assignment of Rights.*** The Issuer and the Trustee each hereby agree that, following a total defeasance of the Bonds, an acceleration of the principal amount of the Bonds or the calling of all Bonds for redemption or the cancellation of the Bonds, when Trustee holds Eligible Funds under the Indenture or in accordance with written instructions provided by Freddie Mac (whether as a result of the payment by Freddie Mac under the Credit Enhancement Agreement or otherwise) in an amount which shall be sufficient to pay

(A) the principal of all Bonds then Outstanding and any redemption premium owed (provided Freddie Mac is *not* liable for any premium) and

(B) all accrued and unpaid interest on the Bonds then Outstanding to the date of redemption, acceleration or defeasance, such that the obligation of Freddie Mac under the Credit Enhancement Agreement is deemed to be retired in full in accordance with its terms, then, in such event, the Issuer or the Trustee, as applicable. shall promptly do all of the following (but at the sole cost and expense of the Borrower):

(i) Use all funds drawn under the Credit Enhancement Agreement as may be necessary to promptly redeem, retire or defease all Outstanding Bonds at their face amount plus any accrued interest, and, in the event any excess funds were paid to the Trustee pursuant to a drawing under the Credit Enhancement Agreement, return said excess funds to Freddie Mac promptly;

(ii) At the option of Freddie Mac, either reconvey, release and cancel, or assign to Freddie Mac, all of their right, title and interest (other than their rights to be paid for services rendered and to be rendered and for fees and expenses incurred thereunder and to be indemnified pursuant thereto) under the Bond Documents, other than the Tax Regulatory Agreement, and execute, acknowledge and deliver to Freddie Mac such instruments and documents as may be reasonably necessary in connection with such reconveyance, release, cancellation or assignment;

(iii) Deliver to Freddie Mac, in such form and to such place, as Freddie Mac shall designate, all property due Freddie Mac pursuant to the provisions of the Indenture; and

(iv) Return the Credit Enhancement Agreement to Freddie Mac.

SECTION 7. ***Substitution of Obligor.***

7.1 The Issuer and the Trustee agree that, should Freddie Mac succeed to the interest of the Borrower in the Project pursuant to a foreclosure sale or otherwise without having implemented the provisions of Section 6, then Freddie Mac shall have the right, but not the obligation, to be the successor to the Borrower for all purposes of the Bond Documents and Freddie Mac acknowledges and agrees that upon its election to succeed the Borrower, it shall be so treated as successor to the Borrower, *provided, however*, that any and all liability of Freddie Mac as successor in interest to the Borrower's interest under the Bond Documents shall be limited to the period it owns the Project. The Issuer and the Trustee agree that any such transfer of ownership of the Project shall not be deemed to violate any terms or conditions of the Bond Documents.

7.2 Following any succession by Freddie Mac (the "Successor Borrower") to the right, title and interest of the Borrower in the Project pursuant to Section 7.1, the Successor Borrower or its designee shall have the right to sell, transfer and/or assign its interest in the Project to any person or entity, provided that the party purchasing the Project from the Successor Borrower or its designee delivers or causes to be delivered to the Issuer and the Trustee concurrently with such transfer: (i) if the Bonds remain Outstanding, a letter of credit or other credit enhancement facility that complies with all applicable requirements under the Indenture and the Financing Agreement; (ii) a written instrument assuming and agreeing to perform all obligations of the Borrower under the Bond Documents to which the Borrower is a party accruing from and after the date of such transfer; (iii) an opinion of counsel to the transferee that such transferee has duly assumed the obligations of the Borrower under the Bond Documents to which the Borrower is a party, that such transferee is qualified to do so pursuant to the Bond Documents and applicable law, and that each of the Bond Documents to which the Borrower is a party is a binding obligation of the transferee; and (iv) an opinion of Bond Counsel that such

transfer or substitution will not cause interest on the Bonds to be included in the gross income of any registered owner thereof for federal income tax purposes (except for interest on any Bond held by a "substantial user" of the Project or a "related person," within the meaning of Section 147(a)(2) of the Internal Revenue Code of 1986, as amended). Upon completion of any transfer to the Successor Borrower or its designee, in accordance with this Section 7, the liability of the Successor Borrower or its designee, as applicable, or any purchaser from the Successor Borrower or its designee shall be limited to the period it owned the Project and the Successor Borrower or its designee, as applicable, shall thereafter be relieved of any further liability for obligations of the "Borrower" under the Bond Documents accruing from and after the date of such transfer. Any environmental liability that Freddie Mac may incur as a result of its ownership of the Project following a foreclosure or a deed in lieu of foreclosure shall be expressly limited by the provisions of any federal, state or local environmental statutes, rules, regulations or administrative procedures pertaining to "lender liability."

7.3 The Issuer and the Trustee agree that any purchaser may succeed to the interest of the Borrower in the Project pursuant to a foreclosure sale or otherwise, provided that such purchaser delivers or causes the delivery of the documents described in Section 7.2.

SECTION 8. ***Acknowledgement and Consent.*** The Issuer and the Trustee acknowledge and consent to the granting by the Borrower to Freddie Mac of the Reimbursement Mortgage which shall be a second priority mortgage lien on the Project (as defined in the Indenture). The Issuer and the Trustee acknowledge and agree that Freddie Mac *is* a third-party beneficiary of the Financing Agreement with the right to enforce the provisions of such Financing Agreement subject to the terms of this Agreement. The Issuer and the Trustee agree and acknowledge that to the extent the Bond Mortgage grants or reserves to the Borrower any rights that are not granted or reserved to the Borrower under the Reimbursement Mortgage, the Borrower must comply with the terms of the Reimbursement Mortgage and a failure to do so shall be an Event of Default under the Reimbursement Agreement.

SECTION 9. ***Bond Mortgage Loan Servicing.*** The identity of the Servicer being of material importance to Freddie Mac, this Agreement is accepted by Freddie Mac on the basis, and with the understanding that the Servicer will be determined solely by Freddie Mac. The term "Servicer" as used in this Agreement shall mean a multifamily seller and servicer approved by Freddie Mac, which initially shall be Citibank, N.A., and any permitted successor or assign under the Freddie Mac Multifamily Seller/Servicer Guide (the "Guide") or any other person designated by Freddie Mac to service the Bond Mortgage Loan.

Accordingly, so long as the Credit Enhancement Agreement is in effect or obligations of the Borrower to Freddie Mac under the Reimbursement Agreement remain outstanding, and no Wrongful Dishonor has occurred and is continuing, the Issuer and the Trustee agree that Freddie Mac shall, in its discretion, have the sole and exclusive right to (a) appoint the Servicer and arrange for the servicing of the Bond Mortgage Loan and the Bond Mortgage or Financing Agreement, provided such servicing shall be performed by a Freddie Mac approved seller-servicer in accordance with the terms and conditions of the Guide, and (b) remove the Servicer (for any reason), terminate its right to service the Bond Mortgage Loan, and appoint a new Servicer.

The Issuer and the Trustee further acknowledge and agree that the Guide is subject to amendment or termination without the consent of the Issuer, the Trustee or the Borrower (provided that no such amendment shall adversely affect the rights of Issuer or Trustee or in any way operate to modify the provisions of the Financing Agreement, the Commitment or affect the tax status of the Bonds) and that none of the Issuer, the Trustee or the Borrower shall have any rights under or be a third-party beneficiary of the Guide. The Trustee and the Issuer acknowledge and agree that the Servicer shall have no duties or obligations to the Trustee, the Issuer or the Developer under the Guide or otherwise, except as expressly set forth in the Bond Documents. The Trustee and the Issuer acknowledge and agree that any Servicer designated by Freddie Mac shall be paid a fee by the Borrower for its services. None of the Issuer, the Trustee or Freddie Mac shall have the obligation to pay such fees from their own funds. In the event the Borrower fails to make any payment relating to fees, expenses or indemnification obligations to the Issuer or Trustee as required under the Financing Agreement, the party which has not received such payment shall immediately notify the Servicer of such failure.

SECTION 10. Representations, Warranties and Covenants.

(A) The Issuer represents, warrants and covenants to the other parties hereto that:

(i) The Issuer has not received a notice in writing from the Internal Revenue Service alleging that any event or act has occurred in the operation and management of the Project that would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes or a notice in writing from the Trustee concerning any event of default under any Bond Document.

(ii) The Issuer has all necessary power and authority to execute, deliver and perform its obligations under and has duly authorized the execution, delivery and performance of this Agreement. This Agreement is a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, subject to (a) applicable limitations of bankruptcy or equitable principles affecting the enforcement of creditors' rights, the effect of general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith or fair dealing, and the possibility of the unavailability of specific performance or injunctive relief, (b) the exercise of judicial discretion and (c) any limitation of the legal remedies against public entities in the State.

(iii) The Issuer will not knowingly take or permit, or knowingly omit to take or cause to be taken any action within its control that would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(B) The Trustee represents, warrants and covenants to the other parties hereto that:

(i) The Trustee has no knowledge of and has no reason to believe that any event or act has occurred that would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or of any event of default under any Bond Document.

(ii) The Trustee has all necessary power and authority to execute, deliver and perform its obligations under and has duly authorized the execution, delivery and

performance of this Agreement. This Agreement is a legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms except as enforceability may be limited by bankruptcy, moratorium, insolvency and similar laws affecting creditors' rights generally and general principles of equity.

(iii) The Trustee will not knowingly take or permit, or knowingly omit to take or cause to be taken, any action within its control that would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(C) Freddie Mac represents, warrants and covenants to the other parties hereto that:

(i) Freddie Mac has all necessary power and authority to execute, deliver and perform its obligations under and has duly authorized the execution, delivery and performance of this Agreement. This Agreement is a legal, valid and binding obligation of Freddie Mac enforceable against Freddie Mac in accordance with its terms except as enforceability may be limited by bankruptcy, moratorium, insolvency and similar laws affecting creditors' rights generally and general principles of equity.

(ii) Freddie Mac will not knowingly take or permit, or knowingly omit to take or cause to be taken any action within its control that would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

SECTION 11. ***Subrogation.*** The Issuer and the Trustee agree that Freddie Mac shall be subrogated to their rights and remedies under the Bond Documents (except with respect to any Mortgagee Retained Rights) upon and to the extent of Freddie Mac's payment (whether pursuant to the Credit Enhancement Agreement or otherwise) of the principal of or interest on the Bonds or the payment or performance of any obligation under the Bond Documents. The Issuer and the Trustee agree to cooperate with Freddie Mac at the sole expense and liability of Freddie Mac in connection with Freddie Mac's enforcement of any of such rights and remedies and, except as permitted under the terms of this Agreement, agree not to take any actions that would prejudice the exercise of such rights of subrogation unless in the opinion of Bond Counsel delivered to Issuer, Trustee and Freddie Mac such action is necessary to preserve the exemption of interest on the Bonds from gross income for federal income tax purposes.

SECTION 12. ***Amendment and Waiver.*** This Agreement and each provision hereof may be amended to the extent and upon the conditions that the Indenture may be amended by an instrument in writing signed by the parties hereto.

SECTION 13. ***Governing Law.*** This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of Texas.

SECTION 14. ***Notices.*** All notices, demands, requests, consents, approvals, certificates or other communications ("Communications") required under this Agreement shall be in writing, mailed (registered or certified mail, return receipt requested and postage pre-paid), hand-delivered, with signed receipt, or sent by nationally recognized overnight courier (receipt of

which to be evidenced by a signed receipt for overnight delivery service) and shall be sufficiently given and shall be deemed to have been properly given if given in the manner in which notices are to be given and to the addresses as provided in the Indenture. All communications which the Trustee or Issuer is required to send to any other person pursuant to any Bond Document or any Borrower Documents shall also be sent to the Servicer. All communications required to be sent to Freddie Mac or the Servicer pursuant to the terms of any Bond Document and any other Borrower Document shall be sent to the following addresses:

The Issuer:	Austin Housing Finance Corporation P.O. Box 1088 Austin, Texas 78767-1088 Attention: Housing Development Manager Telephone: _____ Telecopier: _____
The Trustee:	The Bank of New York Mellon Trust Company, N.A. _____ _____ Attention:_____ Facsimile:_____ Telephone: _____
Freddie Mac:	Federal Home Loan Mortgage Corporation 8100 Jones Branch Drive Mail Stop B4F McLean, Virginia 22102 Attention: Director of Multifamily Loan Servicing Telephone: (703) 903-2000 Facsimile: (703) 714-3003
with a copy to:	Federal Home Loan Mortgage Corporation 8200 Jones Branch Drive McLean, Virginia 22102 Attention: Associate General Counsel – Multifamily, Legal Division Telephone: (703) 903-2000 Facsimile: (703) 903-2885
with a copy to:	Multifamily Operations – Loan Accounting Freddie Mac 8100 Jones Branch Drive Mail Stop B2E McLean, Virginia 22102 Email: mfla@freddiemac.com

The Servicer: Oak Grove Capital

_____
_____
_____
Attention: _____
Telephone: _____
Facsimile: _____

with a copy to: Krooth & Altman LLP
1850 M Street, NW, Suite 400
Washington, DC 20036
Attention: Nick Pirulli

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to Freddie Mac.

The Trustee agrees to accept and act upon facsimile transmissions of written instructions and/or directions pursuant to this Agreement.

SECTION 15. ***Benefit of Agreement.*** This Agreement shall be binding upon and inure to the benefit of the Issuer, the Trustee, the Servicer and Freddie Mac and their respective successors and assigns. No other party shall be entitled to any benefits hereunder, whether as a third-party beneficiary or otherwise. This Agreement shall be deemed terminated with respect to Freddie Mac without the necessity for further or confirmatory instruments upon the earlier of (i) the date, if any, upon which an Alternate Credit Facility is delivered to replace the Credit Enhancement Agreement unless the Alternate Credit Facility Provider replaces Freddie Mac hereunder, (ii) the date that the Indenture is released and terminated or (iii) the date that the Indenture is released and terminated and, in the case of (i) and (ii) immediately above, all of the Borrower's obligations to Freddie Mac under the Reimbursement Agreement shall have been paid in full.

SECTION 16. ***Counterparts.*** This Agreement may be executed in any number of counterparts and all of such counterparts shall together constitute one and the same instrument.

SECTION 17. ***Acknowledgment and Consent Regarding Reimbursement Mortgage.*** The Issuer and the Trustee agree and acknowledge that to the extent the Bond Mortgage grants or reserves to the Borrower any rights that are not granted or reserved to the Borrower under the Reimbursement Mortgage, Borrower must comply with the terms of the Reimbursement Mortgage and a failure to do so shall be an Event of Default under the Reimbursement Agreement.

SECTION 18. ***Trustee.*** The Trustee accepts the duties imposed upon it by this Agreement and agrees to perform those duties but only upon and subject to the following express terms and conditions:

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

(B) as to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceedings, the Trustee shall be entitled to rely in good faith upon a certificate purportedly signed by an authorized signatory of Freddie Mac as sufficient evidence of the facts contained in such certificate;

(C) the permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct;

(D) none of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Agreement except for any liability of the Trustee arising from its own negligence or willful misconduct;

(E) the Trustee is entering into this Agreement solely in its capacity as Trustee under the Indenture and not in its individual or corporate capacity; and

(F) all of the provisions of the Indenture related to the duties, obligations, standard of care, protections and immunities from liability afforded the Trustee under the Indenture shall apply to the Trustee under this Agreement.

SECTION 19. ***Invalidity.*** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity of any other provision and all other provisions shall remain in full force and effect.

SECTION 20. ***Time is of the Essence.*** Time is of the essence of this Agreement.

SECTION 21. ***Controlling Instrument.*** This Intercreditor Agreement controls over any contrary provisions of the Bond Documents.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective duly authorized officers as of the date first above written.

AUSTIN HOUSING FINANCE CORPORATION

By: _____
Name: _____
Title: _____

STATE OF TEXAS)
COUNTY OF TRAVIS)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that _____ whose name as _____ of the Austin Housing Finance Corporation, a housing finance corporation, organized and existing under the laws of the State of Texas, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this date that, being informed of the contents of said instrument, said person, as such officer and with full authority, executed voluntarily for and as the act of said agency.

Given under my hand and official seal, this _____ day of _____, 2011.

_____
Notary Public

AFFIX SEAL

My commission expires: _____

[ISSUER'S SIGNATURE PAGE TO ***MARSHALL APARTMENTS*** INTERCREDITOR AGREEMENT]

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: _____
Name: _____
Title: _____

STATE OF TEXAS)
COUNTY OF TRAVIS)

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that _____ whose name as _____ of The Bank of New York Mellon Trust Company, N.A. , a national banking association, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this date that, being informed of the contents of said instrument, said person, as such officer and with full authority, executed voluntarily for and as the act of said agency.

Given under my hand and official seal, this _____ day of _____, 2011.

_____
Notary Public

AFFIX SEAL

My commission expires: _____

[TRUSTEE'S SIGNATURE PAGE TO ***MARSHALL APARTMENTS*** INTERCREDITOR AGREEMENT]

FEDERAL HOME LOAN MORTGAGE CORPORATION, as Freddie Mac

By: _____
Name:_____
Title:_____

COMMONWEALTH OF VIRGINIA)
)
COUNTY OF FAIRFAX)

On _____, before me,_____, a Notary Public in and for said County and the Commonwealth of Virginia, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon on behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

_____(SEAL)
Notary Signature

[FREDDIE MAC'S SIGNATURE PAGE TO *MARSHALL APARTMENTS* INTERCREDITOR AGREEMENT]

EXHIBIT A

LEGAL DESCRIPTION

BOND PURCHASE AGREEMENT

by and among

MERCHANT CAPITAL, L.L.C.

AUSTIN HOUSING FINANCE CORPORATION

and

MARSHALL AFFORDABLE PARTNERS, LTD.

Dated June __, 2011

Relating to:

Austin Housing Finance Corporation
$_____
Multifamily Housing Revenue Bonds
(Marshall Apartments)
Series 2011

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EXHIBIT I CLOSING CERTIFICATE OF SERVICER I-1

BOND PURCHASE AGREEMENT

Merchant Capital, L.L.C. (the "Underwriter"), on its own behalf and not as your fiduciary, hereby offers to enter into the following agreement with Austin Housing Finance Corporation (the "Issuer") and Marshall Affordable Partners, Ltd. (the "Borrower"), for the sale by the Issuer on behalf of the Borrower and the purchase by the Underwriter of the Bonds described below. Upon your acceptance of this offer and your execution and delivery of this Agreement, this Agreement will be binding upon each of the Issuer, the Borrower and the Underwriter. This offer is made subject to its acceptance, evidenced by your execution and delivery of this Agreement by the Issuer and the Borrower to the Underwriter, at or prior to 5:00 p.m., eastern time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing).

Section 1. Definitions. The capitalized terms used in this Agreement have the meanings assigned to them in the Glossary of Terms attached as Exhibit A hereto or as defined in the Trust Indenture.

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Agreement, the Underwriter will purchase all (but not less than all) of the Bonds identified in Item 1 in Exhibit B attached hereto for a total purchase price equal to the aggregate purchase price set forth as Item 2 on Exhibit B attached hereto.

2.2 The Bonds will (i) be issued pursuant to the Trust Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rate, interest payment dates, and redemption provisions) set forth in Item 3 of Exhibit B attached hereto, and will otherwise correspond to the description thereof contained in the Official Statement.

Section 3. Offering of Bonds. The Underwriter will make a bona fide public offering of the Bonds in a manner consistent with applicable federal and state securities laws.

Section 4. Official Statement; Disclosure Matters.

4.1 The Issuer and the Borrower each hereby (a) confirms its authorization or ratification of the use by the Underwriter of the Preliminary Official Statement in the marketing of the Bonds and (b) authorizes the Underwriter to prepare, use and distribute (at the expense of the Borrower) the Official Statement in final form in connection with the offering and sale of the Bonds.

4.2 The Issuer and the Borrower each agrees to the extent permitted by applicable law to cooperate (at the cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission of the United States of America (the "SEC") promulgated under the Securities Exchange Act of 1934, and any other rules of the SEC and the Municipal Securities Rulemaking Board (the "MSRB"), in connection with the offer and sale of the Bonds.

4.3 The Issuer hereby represents that the information in the Official Statement under the captions "THE ISSUER" and "LITIGATION – Issuer" and the Borrower hereby represents that the remaining information (other than information under the captions "THE BONDS – Book-Entry Only System" and "UNDERWRITING") in the Official Statement is fair and accurate and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not

misleading. The Issuer has not participated in the preparation of the Official Statement and makes no representations with respect thereto except as expressly set forth in the preceding sentence.

4.4 The Issuer and the Borrower will, at the expense of the Borrower, supply to the Underwriter, within the earlier of (a) seven business days from the date of this Agreement or (b) sufficient time to accompany any confirmation requesting payment which the Underwriter might send to its customers with respect to the Bonds, sufficient quantities of the Official Statement to enable the Underwriter (1) to send a single copy of the Official Statement to any potential customer upon request until the earlier of (x) 90 days from the End of the Underwriting Period (as defined in paragraph 4.5 below) or (y) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period and (2) to comply with any applicable rules of the MSRB. The Underwriter agrees to promptly file the Official Statement electronically with the MSRB.

4.5 During the period commencing on the date of this Agreement and ending on the earlier of (a) 90 days from the End of the Underwriting Period or (b) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period (the "Update Period"), if any event shall occur which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading, and in the judgment of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer and the Borrower will, at the expense of the Borrower, prepare or cooperate in the preparation of such supplement or amendment to the Official Statement in a form approved by the Underwriter and furnish or cooperate in the furnishing to the Underwriter (at the expense of the Borrower) a reasonable number of copies of an amendment of, or a supplement to, the Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. If the Official Statement is so supplemented or amended prior to the Closing, the approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Agreement in accordance with the provisions of Section 12(d) hereof. The "End of the Underwriting Period" means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public; provided, that the "End of the Underwriting Period" shall be deemed to be the Closing Date, unless the Underwriter otherwise notifies the Issuer in writing prior to such date that there is an unsold balance of the Bonds, in which case the End of the Underwriting Period shall be deemed to be extended for 30 days. The deemed End of the Underwriting Period may be extended for two additional periods of 30 days each upon receipt of an additional written notification from the Underwriter and the Borrower containing the same information as required in the initial written notice.

4.6 If, during the Update Period, the Issuer becomes aware of any event relating to the Issuer which would cause the Official Statement to contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein with respect to the Issuer, in the light of the circumstance under which they were made, not misleading, the Issuer will promptly notify the Underwriter of such event.

4.7 If, during the Update Period, the Borrower becomes aware of any event which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Borrower will promptly notify the Underwriter and the Issuer of such event.

4.8 The Borrower hereby agrees to provide to the Remarketing Agent for such period of time as the Bonds bear interest at the Variable Rate: (A) at least annually, current financial information, including annual financial statements which may be unaudited if audited annual financial statements are not prepared and pertinent operating information, and (B) in a timely manner, notice of any events affecting the Borrower or the Project which could have a material adverse impact on the ability of the Borrower to satisfy its obligations under any of the Borrower Documents. The Borrower agrees to cooperate with the Remarketing Agent in the preparation of any remarketing memorandum.

4.9 The Issuer agrees to cooperate with the Remarketing Agent in the preparation of any remarketing memorandum; provided that any costs associated with a remarketing memorandum or a remarketing shall be borne by the Borrower.

4.10 The Borrower represents and warrants to the Underwriter and the Issuer that none of the Borrower or any affiliates thereof are in default under any undertakings with respect to continuing disclosure requirements designed to comply with the Rule in connection with any issue of municipal securities.

Section 5. **Closing.** The Closing will take place at the time on the date set forth in Item 4 of Exhibit B or at such other time or on such other date as might have been mutually agreed upon by the Issuer, the Borrower and the Underwriter.

Section 6. **Representations of the Issuer.**

6.1 The Issuer hereby makes the following representations to the Underwriter:

(a) The Issuer is duly organized and existing under and pursuant to the laws of the State of Texas.

(b) The Issuer has, and as of the Closing Date will have, full legal right, power and authority to (i) execute and deliver the Issuer Documents, (ii) assist in the preparation of the Official Statement, and (iii) otherwise consummate the transactions contemplated by the Issuer Documents.

(c) The Issuer has duly authorized the (i) execution and delivery of the Issuer Documents, (ii) performance by the Issuer of its obligations contained in the Issuer Documents, (iii) use and distribution of the Official Statement and (iv) consummation by the Issuer of all of the transactions contemplated on the part of the Issuer by the Issuer Documents and the Official Statement.

(d) This Agreement and the other Issuer Documents are, and, when executed and delivered by the Issuer and the other parties thereto, will be, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(e) To the best of the Issuer's knowledge, all consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Issuer for the execution and delivery by the Issuer of the Issuer Documents or the

consummation by the Issuer of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing.

(f) The execution and delivery by the Issuer of the Issuer Documents, and the consummation by the Issuer of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the Act or any organizational documents of the Issuer, (ii) to the Issuer's knowledge, any applicable law, rule, regulation, judgment, decree, order or other requirement to which the Issuer is subject, or (iii) to the Issuer's knowledge any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Issuer is a party or by which the Issuer or its properties is bound.

(g) To the Issuer's knowledge, there is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or threatened against or affecting the Issuer or its officials, in their respective capacities as such, nor, to the knowledge of the Issuer, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Trust Indenture or (ii) which would in any way contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their respective offices or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Issuer of the transactions contemplated by the Official Statement or the Issuer Documents or (B) the validity or enforceability of the Bonds, the Issuer Documents or any other agreement or instrument to which the Issuer is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, or (iv) which would contest the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (v) which contests in any way the completeness or accuracy of the Official Statement.

(h) Other than the Issuer Documents, the Issuer has not entered into any contract or arrangement that might give rise to any lien or encumbrance on the revenues or other assets, properties, funds or interests pledged pursuant to the Indenture except to the extent that real or personal property taxes may be a lien against the Project property.

(i) The Issuer has not knowingly taken or, to its knowledge, omitted to take on or prior to the date hereof any action, that would adversely affect the excludability from gross income for federal income tax purposes of the interest on the Bonds.

(j) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer whose arbitrage certifications may not be relied upon.

(k) On the Closing Date, each of the representations and warranties of the Issuer contained in the Issuer Documents and all other documents executed by the Issuer in connection with the Bonds shall be true, correct and complete.

6.2 Any certificate signed by any official of the Issuer and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

6.3 It is understood that the representations and covenants of the Issuer contained in this Section 6 and elsewhere in this Agreement shall not create any general obligation or liability of the Issuer,

and that any obligation or liability of the Issuer hereunder or under the Issuer Documents is payable solely out of the revenues and other income pledged therefor and that no officer or employee of the Issuer shall be personally liable for any such obligation or liability. It is further understood and agreed that the Issuer makes no representations, except as set forth in paragraph 4.4 above, as to the Preliminary Official Statement and the Official Statement or as to (i) the financial condition, results of operation, business or prospects of the Borrower, (ii) any statements (financial or otherwise), representations, documents or certification provided or to be provided by the Borrower in connection with the offer or sale of the Bonds, or (iii) the correctness, completeness or accuracy of such statements, representations, documents or certifications.

Section 7. Representations and Warranties of the Borrower.

7.1 The Borrower hereby makes the following representations and warranties to the Underwriter, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is a limited partner duly organized and existing under and pursuant to the constitution and the laws of the State of Texas and is qualified to own its properties and conduct its business in the State of Texas.

(b) The Borrower has, and as of the Closing Date will have, full legal right, power and authority to (i) execute and deliver the Borrower Documents, (ii) assist in the preparation of the Official Statement, and (iii) otherwise consummate the transactions contemplated by the Borrower Documents.

(c) The Borrower has duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, (iii) preparation of the Official Statement and (iv) consummation by the Borrower of all of the transactions contemplated by the Borrower Documents.

(d) This Agreement and the Borrower Documents are, and, when executed and delivered by the Borrower and the other parties thereto, the Borrower Documents will be, the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(e) To the best of the Borrower's knowledge, all consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower for the execution and delivery by the Borrower of the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing.

(f) The execution and delivery by the Borrower of the Borrower Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the organizational documents of the Borrower, (ii) to the best of the Borrower's knowledge, any applicable law, rule, regulation, judgment, decree, order or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties is bound.

(g) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or threatened against or affecting the Borrower or its general partner, in their respective capacities as such, nor, to the best knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under or pursuant to the Borrower Documents or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of the general partner of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Official Statement or the Borrower Documents, (B) the validity or enforceability of the Bonds, the Borrower Documents or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, or (iv) which contests in any way the completeness or accuracy of the Official Statement. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(h) On the Closing Date, the Borrower shall not have granted any interests in or rights or options to sell the Bonds to any other party.

(i) All permits (including building permits), licenses and authorizations necessary for the ownership and operation of the Project in the manner contemplated by the Official Statement and each of the Borrower Documents have been obtained or will be obtained, and said ownership and operation are not, to the best knowledge of the Borrower, in conflict with any zoning or similar ordinance applicable to the Project. The Project conforms to all material environmental regulations known to the Borrower.

(j) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(k) On the Closing Date, each of the representations and warranties of the Borrower contained in the Borrower Documents and all other documents executed by the Borrower in connection with the Bonds shall be true, correct and complete.

7.2 Each of the representations and warranties set forth in this section will survive the Closing.

7.3 Any certificate signed by the general partner of the Borrower and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Borrower to the Underwriter as to the statements made therein.

Section 8. Covenants of the Issuer.

8.1 The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, the Issuer will not supplement or amend the Official Statement or cause the Official Statement to be amended or supplemented without providing reasonable notice of such proposed supplement or amendment to the Underwriter. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by

the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(d) hereof.

(b) Prior to the Closing, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Issuer Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing, except as provided in the Issuer Documents, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Trust Indenture, including, without limitation, the Bonds or the Bond Documents.

(d) The Issuer will not take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Trust Indenture and described in the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(e) Prior to the Closing, the Issuer will obtain, as advised by Bond Counsel, all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of obligations under the Issuer Documents and the Bonds.

(f) The Issuer will reasonably cooperate with the Underwriter upon request, without cost to the Issuer, in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate; provided that the foregoing shall not require the Issuer to expend its own funds, execute a general consent to service of process or to qualify as a foreign corporation in connection with such qualification in any foreign jurisdiction.

Section 9. Covenants of the Borrower.

9.1 The Borrower hereby makes the following covenants with the Underwriter and the Issuer:

(a) The Borrower will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter. It is understood that, in the event the Official Statement is amended or supplemented in such a way as to have, in the reasonable judgment of the Underwriter, a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering price, the Underwriter shall have the right, pursuant to Section 12(d) hereof, to terminate this Agreement without liability. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(d) hereof.

(b) Prior to the Closing, the Borrower will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Borrower Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing, except as provided in the Borrower Documents, the Borrower will not create, assume or guarantee any indebtedness payable from, or pledge or

otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Trust Indenture, including, without limitation, the Bonds or the Bond Documents.

(d) The Borrower will cooperate with the Issuer to cause the Bonds to be delivered to the address and at the time specified by the Underwriter in conjunction with the Closing.

(e) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds, or other moneys on deposit in any fund or account in connection with the Bonds, to be applied in a manner other than as provided in the Trust Indenture and described in the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(f) The Borrower will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate.

(g) The Borrower shall cause to be included in any instrument transferring any interest in the Project (except the Bond Mortgage Loan Documents) specific reference to the covenants, conditions and restrictions contained in the Financing Agreement.

(h) The Borrower agrees to cause the necessary amount to be paid to the Trustee on the Closing Date for deposit in the Cost of Issuance Fund as set forth in the Trust Indenture to pay costs of issuance not payable from amounts available under the Loan.

Section 10. Conditions of Closing.

10.1 The obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 10.2 hereof and to the satisfaction of the following conditions:

(a) The Underwriter will not have discovered any material error, misstatement or omission in the representations and warranties made in this Agreement, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) The Issuer and the Borrower will have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by such respective parties at or prior to Closing.

(c) The Bonds, the Transaction Documents and the Official Statement shall each have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing except as may have been agreed to in writing by the Underwriter and no event of default shall exist under any such documents.

(d) The Rating Agency shall have published and not withdrawn a rating with respect to the Bonds of at least "AAA/A-1+" and such rating shall be in effect on the Closing Date, the documents delivered at the Closing shall satisfy the conditions to the continuance of such rating and no action shall have been taken or threatened with a view to the suspension or withdrawal of such ratings as of the Closing.

10.2 In addition to the conditions set forth in Section 10.1, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) An approving opinion of McCall, Parkhurst & Horton L.L.P., as Bond Counsel dated the Closing Date and addressed to or with a reliance letter to the Underwriter and the Issuer, together with a supplemental opinion of McCall, Parkhurst & Horton L.L.P., as Bond Counsel, satisfactory in form and substance to the Underwriter, dated the Closing Date and addressed to the Underwriter, substantially in the form attached hereto as Exhibit C.

(b) An appraiser opinion of the Attorney General of the State of Texas, satisfaction iN form and substance to Bond Counsel and the Underwriter.

(c) An opinion or opinions of Balch & Bingham, LLP and Drenner & Golden Stuart Wolff, L.L.P., counsel to the Borrower, satisfactory in form and substance to the Underwriter, dated the Closing Date and addressed to the Underwriter, Freddie Mac, the Issuer, the Trustee and Bond Counsel, substantially in the form attached hereto as Exhibit E.

(d) An opinion of _____, counsel to the Issuer, satisfactory in form and substance to the Underwriter, dated the Closing Date and addressed to the Underwriter, the Issuer, the Trustee and Bond Counsel, substantially in the form attached hereto as Exhibit D.

(e) An opinion of Freddie Mac's Legal Department, satisfactory in form and substance to the Underwriter, dated the Closing Date and addressed to the Underwriter, the Issuer and the Trustee, substantially in the form attached hereto as Exhibit F.

(f) An opinion of Peck, Shaffer & Williams LLP, counsel to the Underwriter, satisfactory in form and substance to the Underwriter, substantially in the form attached hereto as Exhibit G.

(g) A certificate of the Issuer, dated the Closing Date and signed by an authorized official or officer of the Issuer, to the effect that (i) each of the Issuer's representations contained herein and in all other Issuer Documents, which representations will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Issuer has performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it at or prior to the Closing; and (iii) such other matters as the Underwriter may request.

(h) A certificate of the Issuer, dated the Closing Date and signed by an authorized officer of the Issuer, in form and substance satisfactory to the Issuer, Underwriter and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(i) A certificate of the Borrower, dated the Closing Date and signed by its general partner, to the effect that (i) each of the Borrower's representations and warranties contained herein and in all Borrower Documents, which representations and warranties will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Borrower has performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it at or prior to the Closing; (iii) since the date of the Official Statement and except as set forth therein, there has not been any

material adverse change in its operations, financial or otherwise; and (iv) such other matters as the Underwriter may request.

(j) A certificate of the Borrower, dated the Closing Date and signed by its president, in form and substance satisfactory to the Underwriter and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(k) A certificate of Freddie Mac, dated the Closing Date, and signed by an authorized officer of Freddie Mac in substantially the form attached hereto as Exhibit H.

(l) A certificate of the Servicer, dated the Closing Date, and signed by an authorized representative of the Servicer, in substantially the form attached hereto as Exhibit I.

(m) A certificate of the Trustee, dated the Closing Date and signed by an authorized officer of the Trustee, in form and substance satisfactory to the Underwriter.

(n) A certificate of the Issuer, dated the Closing Date and signed by an authorized official or officer of the Issuer, to the effect that the information regarding the Issuer contained in the Official Statement under the headings "THE ISSUER" and "NO LITIGATION – The Issuer" is true and correct in all material respects.

(o) Certified copies of the Borrower's organizational documents and resolutions or actions of its general partner authorizing the execution and delivery of the Borrower Documents.

(p) Current certificates of existence or good standing of the Borrower and the General Partner.

(q) Copies of the proposed forms of management agreement and residency agreement to be used by the Borrower.

(r) A certificate of the Manager as to the information describing the Manager in the Official Statement and its authority to enter into the Management Agreement.

(s) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties of the Issuer and the Borrower herein contained and of the Official Statement, and to evidence compliance by the Issuer and the Borrower with this Agreement and all applicable legal requirements, and the due performance and satisfaction by the Issuer, the Borrower and the Servicer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer, the Borrower and the Servicer.

10.3 If any of the conditions set forth in Section 10.1 or 10.2 have not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Agreement or proceed to Closing upon waiving any rights under this Agreement with respect to any such condition. If this Agreement is terminated pursuant to this Section, no party will have any rights or obligations to any other, except as provided in Section 13.

Section 11. **Actions and Events at the Closing.** The following events will take place at the Closing:

(a) The Issuer will cause the Trustee to deliver the Bonds to the Underwriter, at the place set forth in Item 4 in Exhibit B. The Bonds so delivered will be in the form required by the Trust Indenture, duly authenticated by the Trustee, and will be fully registered in the name of CEDE & Co., as nominee of The Depository Trust Company, New York, New York.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Underwriter at the place set forth in Item 4 in Exhibit B, or at such other place or places as the Issuer, the Borrower and the Underwriter may mutually agree upon, the materials described in Section 10.1 and Section 10.2.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer, a wire, payable in immediately available funds, in an amount equal to the purchase price of the Bonds as set forth in Item 2 of Exhibit B.

Section 12. **Termination of Agreement.** The Underwriter may terminate this Agreement, without liability therefor, by notifying the Issuer and the Borrower at any time prior to the Closing, if:

(a) Legislative, executive or regulatory action or a court decision which, in the reasonable judgment of the Underwriter, casts sufficient doubt on the legality of obligations such as the Bonds or the exclusion of interest on obligations such as the Bonds from gross income for federal income tax purposes, so as to impair materially the marketability of the Bonds;

(b) Any action by the Securities and Exchange Commission or a court which would require any registration under the Securities Act, in connection with the issuance, placement or sale of the Bonds, or qualification of the Trust Indenture under the Trust Indenture Act of 1939, as amended;

(c) Any general suspension of trading in securities on the New York Stock Exchange or the establishment by the New York Stock Exchange, by the Securities and Exchange Commission, by any federal or state agency or by the decision of any court, of any limitation on prices for such trading, or any outbreak of hostilities or occurrence of any other national or international calamity or crisis, the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to proceed with the purchase and offering of the Bonds;

(d) Any event or condition which, in the reasonable judgment of the Underwriter, (i) renders untrue or incorrect, in any material respect as of the time to which the same purports to relate, the information contained in the Official Statement, or (ii) requires that information not reflected in the Official Statement should be reflected therein in order to make the statements and information contained therein not misleading in any material respect as of such time, or (iii) has a material adverse effect upon the marketability of the Bonds, or (iv) would materially and adversely affect the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(e) The rating of the Bonds shall have been downgraded or withdrawn by the Rating Agency.

Section 13. Fees and Expenses.

13.1 The Borrower shall pay to the Underwriter a fee in the amount of $_____ (____%) of *the principal amount of the Bonds), payable in immediately available funds on the Closing Date.*

13.2 The Borrower shall pay the costs of issuance of the Bonds, including all expenses incident to the performance of the Underwriter's obligations hereunder, including, but not limited to, (i) the cost of the preparation, printing or other reproduction of this Agreement, the preliminary and final Official Statement, the Trust Indenture and the other Bond Documents in reasonable quantities for distribution; (ii) the cost of engraving, reproducing and signing the definitive Bonds; (iii) the reasonable fees and disbursements of all applicable legal counsel, including Bond Counsel, Freddie Mac's Counsel, Servicer's Counsel, Trustee's Counsel (if any), Issuer's Counsel and Underwriter's Counsel; (iv) the initial fees and costs of paying the Trustee and all paying agents, transfer agents and registrars; (v) the fees and expenses of the Issuer; (vi) Freddie Mac fees and related costs, (vii) Servicer fees and related costs, (viii) CUSIP fees; (ix) the cost of qualifying the Bonds for sale in various states chosen by the Underwriter and the cost of preparing or printing any Preliminary Blue Sky Survey and any Legal Investment Survey to be used in connection with such sale; (x) the fees and expenses of the Rating Agency; and (xi) all other applicable fees of professionals hired in conjunction with the issuance of the Bonds.

13.3 *The Underwriter will pay all expenses (other than those described in Section 13.2)* incurred by the Underwriter in connection with its public offering and sale of the Bonds.

13.4 In the event that the Issuer, the Borrower or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

13.5 The Borrower shall indemnify the Issuer and the Underwriter with respect to the foregoing costs and expenses in the event that the purchase provided for herein is not consummated unless, insofar as indemnification of the Underwriter is concerned, such purchase is prevented at the Closing Date by the Underwriter's default.

Section 14. Indemnification.

14.1 The Borrower will indemnify and hold harmless the Issuer and the Underwriter against any losses, claims, expenses (including, without limitation, to the extent permitted by law, reasonable attorneys' fees and expenses actually incurred), damages or liabilities, causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities"), joint or several, to which the Issuer or the Underwriter may be threatened or become subject, caused by or directly or indirectly arising from or in any way relating to (i) the Bonds, the Project, the loan of the proceeds of the Bonds, this Agreement or any document related to the Bonds, the Project or the loan of the proceeds of the Bonds or any transaction or agreement, written or oral, pertaining to the foregoing, (ii) any untrue statement or alleged untrue statement of any material fact contained in the Official Statement, or any amendment or supplement thereto so long as the Borrower shall have participated in or agreed to any such amendment or supplement, or (iii) the omission or alleged omission to state in the Official Statement a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. This indemnification provision shall not be construed as a limitation on any other liability which the Borrower may otherwise have to any indemnified person, provided that in no event shall the Borrower be obligated for double indemnification. Notwithstanding the foregoing, the Borrower shall not be required to indemnify the Indemnified Parties for the negligence or willful misconduct of any Indemnified Party other than the Issuer, or for the gross negligence or willful misconduct of the Issuer.

14.2 The indemnity agreements in paragraph 14.1 of this Section shall be in addition to any liability which any indemnifying party may otherwise have and shall extend on the same terms and conditions to each partner, principal, official, officer, attorney or employee of such party and to each person, if any, who controls (as such term is used in Section 15 of the Securities Act of 1933 and Section 20 of the Securities Exchange Act of 1934, as amended) such party (the Issuer, the Underwriter, and all of the foregoing indemnified parties being referred to individually as an "Indemnified Party" and collectively as the "Indemnified Parties"); provided, however, that an indemnifying party under paragraph 14.1 of this Section shall not be liable to the Underwriter under this Section to the extent that any such Liabilities arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information furnished by the Underwriter expressly for use in the Official Statement; and provided further that no indemnifying party hereunder shall be liable for any settlement effected by an Indemnified Party without the written consent of the indemnifying party (which consent shall not be unreasonably withheld).

14.3 Promptly after receipt by an Indemnified Party under paragraph 14.1 of this Section of notice of the commencement of any action against such Indemnified Party in respect of which indemnity or reimbursement may be sought against any indemnifying party under any such paragraph, such Indemnified Party will notify the indemnifying party in writing of the commencement thereof; provided that any delay or failure to give such notification shall be of no effect except to the extent that the indemnifying party is prejudiced thereby.

14.4 In case any action, claim or proceeding, as to which the indemnifying party is to provide indemnification hereunder, shall be brought against the Indemnified Party and the Indemnified Party notifies the indemnifying party of the commencement thereof, the indemnifying party may, or if so requested by the Indemnified Party shall, participate therein or assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party; provided that, except as provided below, the indemnifying party shall not be liable for the expenses of more than one separate counsel representing the Indemnified Parties in the action, claim or proceeding.

14.5 If the indemnifying party shall not have employed counsel to have charge of the defense of the action, claim or proceeding, or if any Indemnified Party shall have concluded reasonably that there may be a defense available to it or to any other Indemnified Party which is different from or in addition to those available to the indemnifying party or to any other Indemnified Party (hereinafter referred to as a "separate defense"), (i) the indemnifying party shall not have the right to direct the defense of the action, claim or proceeding on behalf of the Indemnified Party, and (ii) legal and other expenses incurred by the Indemnified Party (including without limitation, to the extent permitted by law, reasonable attorney's fees and expenses actually incurred) shall be borne by the indemnifying party; provided, that an indemnifying party shall not be liable for the expenses of more than one additional separate counsel for each Indemnified Party with respect to such separate defenses. For the purpose of this paragraph, an Indemnified Party shall be deemed to have concluded reasonably that a separate defense is available to it or any other Indemnified Party if (a) such Indemnified Party shall have requested an unqualified written opinion from Independent Counsel to the effect that a separate defense exists, and such Independent Counsel shall have delivered such opinion to the Indemnified Party within ten (10) days after such request or (b) the indemnifying party agrees that a separate defense is so available. For purposes of this paragraph, Independent Counsel shall mean any attorney, or firm or association of attorneys, duly admitted to practice law before the supreme court of any state and not a full-time employee of any Indemnified Party. Nothing contained in this paragraph 14.5 will preclude any Indemnified Party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Borrower hereunder. Notwithstanding anything to the contrary, the Issuer may employ its own counsel (whether one or more separate counsel) in any manner it deems appropriate and the Borrower shall indemnify the Issuer for all costs of such counsel.

14.6 In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph 14.1 or 14.2 of this Section 14 is for any reason held to be unavailable, the Borrower and the Indemnified Party (other than the Issuer) shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party (other than the Issuer) may be subject, so that the Indemnified Party (other than the Issuer) is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party (other than the Issuer) in connection with the issuance and administration of the Bonds bears to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds.

14.7 The Indemnified Parties, other than the Underwriter and the Issuer, shall be considered to be third-party beneficiaries of this Agreement for purpose of this Section 14. The provisions of this Section 14 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination of this Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

Section 15. No Pecuniary Liability of Issuer. No provision, covenant, or agreement contained in this Agreement, and no obligation herein imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer, the City of Austin, the County of Travis or the State of Texas or any political subdivision thereof within the meaning of any Texas Constitutional provision or statutory limitation or shall constitute or give rise to a pecuniary liability of the Issuer, the City of Austin, County of Travis or the State of Texas or any political subdivision thereof or a charge against its general credit or taxing powers. In making the agreements, provisions and covenants set forth in this Agreement, the Issuer has not obligated itself, except to the extent that the Issuer is authorized to act pursuant to Texas law and except with respect to the Trust Estate, as defined in the Indenture. The Issuer and any of its officials, officers, directors, employees, members or agents shall have no monetary liability arising out of the obligations of the Issuer hereunder or in connection with any covenant, representation or warranty made by the Issuer herein, and neither the Issuer nor its officials shall be obligated to pay any amounts in connection with the transactions contemplated hereby other than from revenues or moneys received from the Borrower.

Section 16. Limitation of Liability. Notwithstanding any provision herein to the contrary, none of any member, officer, director, partner, agent or employee of the Issuer or the Borrower, including any person executing this Agreement, shall bear any liability as a result of any failure of the Issuer or the Borrower to perform the obligations of each, respectively, set forth in this Agreement.

Section 17. Miscellaneous.

17.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following address or such other address as either of the parties shall specify:

If to the Underwriter:	Merchant Capital, L.L.C. 2660 EastChase Lane, Suite 400 Lakeview Center Montgomery, AL 36117-6886 Attention: John B. Rucker, III
If to the Issuer:	Austin Housing Finance Corporation

P.O. Box 1088
Austin, TX 78767-1088
Attention: Multifamily Bond Financing Program

If to the Borrower: Marshall Affordable Partners, Ltd.
c/o Summit Asset Management, LLC
105 Tallapoosa Street, Suite 300
Montgomery, AL 36104
Attention: Tom Champion

17.2 This Agreement will inure to the benefit of and be binding upon the parties hereto and their successors and assigns and, except as provided in Sections 14, 18 and 19, will not confer any rights upon any other person. The terms "successor" and "assigns" will not include any Underwriter of any of the Bonds from the Underwriter merely because of such purchase.

17.3 This Agreement may not be assigned by any of the parties hereto prior to the Closing.

17.4 If any provision of this Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperable or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

17.5 This Agreement will be governed by and construed in accordance with the laws of the State of Texas.

17.6 This Agreement may be executed in several counterparts, each of which will be regarded as an original and all of which will constitute one and the same document.

[SIGNATURE PAGE OF UNDERWRITER]

If the foregoing is in accordance with your understanding, please sign and return to us two counterparts hereof and, upon the acceptance hereof by the Issuer and the Borrower, this Agreement and such acceptance shall constitute the binding agreement among us as to the matters set forth above.

Very truly yours,

MERCHANT CAPITAL, L.L.C.

By: _____

Executive Vice President

[SIGNATURE PAGE OF ISSUER]

Accepted as of the date first above written:

AUSTIN HOUSING FINANCE CORPORATION, as Issuer

By: _____
Treasurer

[SIGNATURE PAGE OF BORROWER]

MARSHALL AFFORDABLE PARTNERS, LTD.

By: _____

By: _____
Name: _____
Title: _____

EXHIBIT A

GLOSSARY OF TERMS

"Act" means the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended.

"Agreement" means this Bond Purchase Agreement, as amended from time to time.

"Bond Documents" means this Agreement, the Trust Indenture, the Financing Agreement, the Intercreditor Agreement, the Regulatory Agreement, the Tax Regulatory Agreement, the Remarketing Agreement and other applicable documents related to the issuance, sale and remarketing of the Bonds as amended from time to time.

"Bond Mortgage" means the First Multifamily Deed of Trust, Assignment of Rents, Security Agreement and fixture filing, dated as of the Closing Date, from the Borrower to the Trustee.

"Bond Mortgage Loan" means the mortgage loan in the maximum principal amount of $_____ to be made by the Servicer to the Borrower pursuant to the Bond Mortgage Loan Documents to provide financing for the Project.

"Bond Mortgage Loan Documents" means the Bond Mortgage Note, the Bond Mortgage, the Financing Agreement, the Tax Regulatory Agreement, any Custodial Escrow Agreement, the Credit Facility, the Reimbursement Agreement, the Repair Agreement, the Reimbursement Mortgage, the Intercreditor Agreement, the Pledge Agreement and any and all other instruments and other documents evidencing, securing or otherwise relating to the Bond Mortgage Loan or any portion thereof, or evidencing, securing or otherwise relating to the Borrower's obligations to the Credit Facility Provider in connection with the delivery of the Credit Facility.

"Bond Mortgage Note" means the Bond Mortgage Note from the Borrower to the Trustee, evidencing the obligation to repay the Bond Mortgage Loan.

"Bonds" means $_____ in original aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (Marshall Apartments) Series 2011.

"Borrower" means Marshall Affordable Partners, Ltd., a Texas limited partnership.

"Borrower Documents" means the Transaction Documents to which the Borrower is a party.

"Closing" means the proceeding at which the actions described in Section 11 are performed.

"Closing Date" means the date on which the Closing takes place, expected to be June __, 2011.

"Code" means the Internal Revenue Code of 1986, as amended, and all applicable regulations promulgated thereunder.

"Credit Facility" means the Credit Enhancement Agreement, dated as of June 1, 2011 between Freddie Mac and the Trustee.

"Credit Facility Documents" means the Reimbursement Agreement, the Pledge Agreement, the Reimbursement Mortgage and the documents required by Freddie Mac in connection with the Credit Facility, as amended from time to time.

"Financing Agreement" means the Financing Agreement dated as of June 1, 2011, among the Issuer, the Borrower and the Trustee, as amended from time to time.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, and any successors thereto.

"Intercreditor Agreement" means the Intercreditor Agreement, dated as of June 1, 2011 among the Issuer, the Trustee and Freddie Mac.

"Issuer" means Austin Housing Finance Corporation.

"Issuer Documents" means the Transaction Documents to which the Issuer is a party.

"Official Statement" means the final Official Statement relating to the Bonds (including the cover page and appendices).

"Pledge Agreement" means the Pledge, Security and Custody Agreement dated as of June 1, 2011 among the Borrower, the Trustee as custodian for Freddie Mac, as amended from time to time.

"Preliminary Official Statement" means the Preliminary Official Statement relating to the Bonds (including the cover page and appendices), dated June __, 2011.

"Project" means Marshall Apartments, a 100-unit residential multifamily rental housing facility to be acquired and renovated by the Borrower in Austin, Texas.

"Rating Agency" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Corporation.

"Regulatory Agreement" means the Regulatory and Land Use Restriction Agreement dated as of June 1, 2011, among the Issuer, the Borrower, and the Trustee, as amended from time to time.

"Rehabilitation Escrow Agreement" means the Repair Agreement dated as of June 1, 2011, by and between the Borrower and the Credit Facility Provider, as amended, modified or supplemented.

"Reimbursement Agreement" means the Reimbursement and Security Agreement dated as of June 1, 2011 between Freddie Mac and the Borrower, as amended from time to time.

"Reimbursement Mortgage" means Second Multifamily Deed of Trust, Assignment of Rents, Security Agreement and fixture filing dated as of the Closing Date from the Borrower to Freddie Mac.

"Remarketing Agent" means Merchant Capital, L.L.C.

"Remarketing Agreement" means the Remarketing Agreement dated as of June 1, 2011, between the Remarketing Agent and the Borrower, as amended from time to time.

"Servicer" means Oak Grove Commercial Mortgage, LLC.

"Tax Regulatory Agreement" means the Tax Letter of Representations and the Tax Certificate each date as of the Closing Date by and among the Issuer, the Borrower and the Trustee.

"Transaction Documents" means the Bond Documents, the Bond Mortgage Loan Documents and the Credit Facility Documents.

"Trust Indenture" means the Trust Indenture dated as of June 1, 2011 between the Trustee and the Issuer, as amended from time to time.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., or a successor thereto, as Trustee under the Trust Indenture.

"Underwriter" means Merchant Capital, L.L.C.

"Update Period" means the Update Period as defined in Section 4.5 hereof.

EXHIBIT B

TERMS OF BONDS

Item			
1.	Title of Bonds:		Austin Housing Finance Corporation $_____ Multifamily Housing Revenue Bonds (Marshall Apartments) Series 2011
2.	Purchase Price:		
3.	(a)	Date of the Bonds:	Closing Date
	(b)	Interest Payment Dates:	as described in the Official Statement.
	(c)	Aggregate Principal Amount:	$_____
	(d)	Maturity:	_____
	(e)	Interest Mode and Rate:	Variable Rate. The initial Variable Rate shall be ____% per annum; thereafter as described in the Official Statement.
	(f)	Redemption Provisions:	As described in the Official Statement.
	(g)	Tender Provisions:	As described in the Official Statement.
4.	(a)	Time of Closing:	12:00 noon, central time
	(b)	Date of Closing:	June __, 2011, or such other date as may be approved by the Underwriter
	(c)	Place of Closing:	Offices of McCall, Parkhurst & Horton L.L.P.
	(d)	Delivery of Bonds:	The Trustee, as agent for The Depository Trust Company, New York, New York

EXHIBIT C

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

June __, 2011

Austin Housing Finance Corporation
Austin, Texas

The Bank of New York Mellon Trust Corporation, N.A., as Trustee

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Merchant Capital, L.L.C.
Montgomery, Alabama

Re: [BOND CAPTION]

Ladies and Gentlemen:

On this day we have rendered our opinion as bond counsel with respect to the Bonds. In delivering our opinion, we have relied upon representations of Marshall Affordable Partners, Ltd., an Alabama limited partnership (the "Borrower") and the Austin Housing Finance Corporation (the "Issuer") contained in the Loan Agreement, among the Issuer, The Bank of New York Mellon Trust Corporation, N.A. (the "Trustee") and the Borrower, dated as of June 1, 2011 (the "Loan Agreement"), the Trust Indenture between the Issuer and the Trustee, dated as of June 1, 2011 (the "Indenture"), the Bond Purchase Agreement among Merchant Capital, L.L.C. (the "Underwriter"), the Borrower and the Issuer, dated June __, 2011 (the "Bond Purchase Agreement"), the Regulatory Agreement among the Borrower, the Trustee and the Issuer, dated as of June 1, 2011 (the "Regulatory Agreement"), and in the certified transcript of proceedings and other certificates of officers furnished to us, including the tax covenants and representations of the Borrower and the Issuer (the "Tax Covenants"), without undertaking to verify the same by independent investigation.

We have examined a certified transcript of proceedings relating to the issuance of the Bonds and certain documents, including certain information in the Official Statement dated June 1, 2011 (the "Official Statement") relating to the Bonds under the captions "THE BONDS" (excluding the information set forth under the subcaptions "Book-Entry Only System and Revision of Book Entry-Only System" therein), and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS," and in Appendices A, B and C to the Official Statement.

Based on our review of the foregoing and the material recited in our approving opinion delivered on this date, we are of the opinion that:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is not subject to the qualification requirements of the Trust Indenture Act of 1939, as amended.

2. The information and statements in the Official Statement under the captions set forth above, insofar as such information and statements constitute a summary of the Bonds, the Loan Agreement, the Indenture, the Regulatory Agreement and our opinion concerning certain tax matters are a fair summary of such documents and a fair summary of our opinion concerning certain tax matters.

Based solely upon the knowledge of the attorneys in our Firm who have participated in conferences and discussions relating to the issuance of the Bonds, and without any independent investigation or verification of any facts or acceptance of any engagement or duty to undertake any investigation or verification of any facts and without assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement (except as set forth in Paragraph 2 above), we are not aware of any facts which lead us to the legal conclusion that the Official Statement (except for information set forth under the captions "THE BONDS – Book-Entry-Only System and – Revision of Book-Entry-Only System", "THE BORROWER AND THE PROJECT," "APPRAISAL," "FORWARD-LOOKING STATEMENTS," "RISK FACTORS AND INVESTMENT CONSIDERATIONS," "LITIGATION," "RATING," "UNDERWRITING," and "CONTINUING DISCLOSURE," APPENDIX D – PRO FORMA FINANCIAL PROJECTIONS, APPENDIX E – HISTORICAL FINANCIAL STATEMENT and except for financial or statistical data contained within the Official Statement, as to which we make no representations) (i) as of its date contained and as of the date hereof contains any untrue statement of a material fact or (ii) as of its date omitted and as of the date hereof omits any material fact required to be stated or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. We note, however, that determinations of materiality and omissions involve complex questions of fact and business circumstances which, on a case by case basis, are not subject to certain predictions of legal outcome. In addition, there are inherent limitations on the ability of an attorney to predict future findings on such questions of fact and business circumstances.

The opinions set forth in Paragraphs 1 and 2 above and the statement made in the immediately preceding paragraph (the "Statement") express the professional judgment of the attorneys participating in the transaction as to the legal issues addressed herein. By rendering such opinions and by making such Statement, the undersigned does not become an insurer or guarantor of that expression of professional judgment or of the transaction opined upon. Nor does the rendering of those opinions or the making of such Statement guarantee the outcome of any legal dispute that may arise out of the transaction.

We express no opinion with respect to the laws of any jurisdiction other than the federal laws of the United States of America. This opinion letter is based upon such laws as are in effect on the date hereof and we expressly disclaim any undertaking to advise you of any subsequent changes therein.

This opinion letter is being furnished to you for your sole use only in connection with this transaction, and no other party is entitled to rely on it without our written consent.

Very truly yours,

EXHIBIT D

FORM OF OPINION OF COUNSEL TO THE ISSUER

[Closing Date]

Austin Housing Finance Corporation
Austin, Texas

Merchant Capital L.L.C.
Montgomery, Alabama

McCall, Parkhurst & Horton L.L.P.
Austin, Texas

Federal Home Loan Mortgage Corporation
Washington, D.C.

[TRUSTEE]

[BOND CAPTION]

[After appropriate introductory language, the opinion shall state substantially as follows:]

1. The Issuer is of the State of Texas with full right, power and authority (i) to adopt the Resolution, (ii) to execute, deliver and perform the Issuer Documents (as such term is defined in the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among Merchant Capital, L.L.C., as Underwriter, the Issuer and Marshall Affordable Partners, Ltd., an Alabama limited partnership, as borrower, (iii) to issue, sell and deliver the Bonds, (iv) to assign to the Trustee the rights assigned to the Trustee pursuant to the Indenture, and (v) to carry out and consummate all other transactions contemplated by each of the aforesaid documents.

2. The proceedings, including the adoption of the Resolution, which have been taken by the Issuer relating to the authorization, issuance and delivery of the Bonds and the authorization, execution and delivery of the Issuer Documents have been taken in accordance with the laws of the State of Texas and are valid and binding upon the Issuer.

3. The officers of the Issuer are the duly elected, qualified and acting officers of the Issuer.

4. The execution, delivery and performance by the Issuer of the Bonds and the Issuer Documents and the taking of all other actions and the execution, delivery and performance of all other documents required to consummate the transactions contemplated thereby have been duly authorized by all required action on the part of the Issuer.

5. Each of the Issuer Documents has been duly executed and delivered by the Issuer and each constitutes a valid, binding and enforceable obligation of the Issuer, except as such enforcement may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting the rights of creditors generally and further subject to judicial limitations on right to specific performance.

6. Neither the Issuer's execution, delivery and performance of the Issuer Documents nor the Issuer's adoption of the Resolution, and compliance therewith, nor the consummation of the transactions contemplated thereby or the use of the proceeds of the Bonds to make the Bond Mortgage Loan, or the assignment by the Issuer to the Trustee of the rights assigned by the Issuer

to the Trustee pursuant to the Indenture conflict with or constitute a breach of or default under, or will conflict with or constitute a breach of or default under, any term or provision of the constitution of the State of Texas or any statute, administrative rule or regulation, judgment, decree, order, license, permit, agreement or instrument to which the Issuer is subject or by which the Issuer or any of its property is bound.

7. There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or, to the best of my knowledge, threatened against the Issuer (nor is there any basis therefor), which (i) affects or questions the existence of the Issuer, the title to office of any officer or member of the Issuer or the territorial jurisdiction of the Issuer, (ii) affects or seeks to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds, (iii) affects or questions the validity or enforceability of the Bonds, the Resolution or the Issuer Documents, (iv) questions the tax-exempt status of the Bonds, or (v) questions the powers of the Issuer to carry out the transactions contemplated by the Resolution or the Issuer Documents.

We hereby consent to the reference to us on the cover and under the caption "APPROVAL OF LEGAL MATTERS" in the Official Statement.

Very truly yours,

EXHIBIT E

FORM OF OPINION OF BORROWER'S COUNSEL

[TO BE PROVIDED]

EXHIBIT F

FORM OF OPINION OF GENERAL COUNSEL TO FREDDIE MAC

[Closing Date]

Austin Housing Finance Corporation
Austin, Texas

Standard & Poor's Ratings Services
New York, New York

The Bank of New York Mellon
Trust Company, N.A.
Birmingham, Alabama

Merchant Capital, L.L.C.
Montgomery, Alabama

Re: $_____ Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Marshall Apartments) Series 2011 (the "Bonds")

Ladies and Gentlemen:

I am Vice President and Deputy General Counsel of the Federal Home Loan Mortgage Corporation ("Freddie Mac"). I have acted in such capacity in connection with the execution and delivery by Freddie Mac of a Credit Enhancement Agreement, dated as of June 1, 2011 (the "Credit Enhancement Agreement"), between Freddie Mac and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), in its capacity as trustee under the Trust Indenture, dated as of June 1, 2011, pursuant to which the Bonds were issued, between the Trustee and the Austin Housing Finance Corporation (the "Issuer"). As such counsel, I have examined and reviewed such documents of Freddie Mac as I have deemed appropriate, including, inter alia, the Credit Enhancement Agreement. I have also examined and relied on the originals or copies certified or otherwise identified to my satisfaction of all such corporate records of Freddie Mac and such other instruments and other certificates of public officials and such other persons, and I have made such investigations of law, as I have deemed appropriate as a basis for the opinions expressed below. I have assumed that the Credit Enhancement Agreement and other agreements required as a condition to Freddie Mac's execution and delivery of the Credit Enhancement Agreement have been duly authorized, executed and delivered by the Trustee (in the case of the Credit Enhancement Agreement) and by the respective other parties thereto (in the case of such other agreements), in each case in accordance with the requirements of such agreements, and that each of such agreements constitutes a legal, valid and binding obligation of the Trustee and the other parties thereto (excluding Freddie Mac), as the case may be.

Please note that Freddie Mac is currently operating under a conservatorship established by its regulator, The Federal Housing Finance Agency.

Based on the foregoing, I advise you that in my opinion:

(a) Freddie Mac is a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States and created pursuant to an Act of Congress on July 24, 1970 (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§1451-1459) (the "Freddie Mac Act"), with full power and authority to execute, deliver and perform the Credit Enhancement Agreement.

(b) The Credit Enhancement Agreement has been duly and validly authorized, executed and delivered by Freddie Mac and constitutes the legal, valid and binding obligation of Freddie Mac, and is enforceable in accordance with its terms, except as may be limited by

bankruptcy, insolvency, reorganization, moratorium, liquidation, readjustment of debt or other similar laws affecting the enforcement of creditors' rights generally (as such laws would be applied to Freddie Mac, including but not limited to 12 U.S.C. §§4616-4623), and subject to the qualification that the remedies of specific performance, injunction and other forms of equitable relief may not be available because they are subject to certain tests of equity jurisdiction, equitable defenses and the discretion of the court before which any proceeding therefor may be brought.

I assume no obligation to advise you of any changes in the foregoing subsequent to the date hereof. This opinion has been prepared solely for your benefit as the addressees. Without my prior written consent, this opinion may not be quoted in whole or in part or otherwise be referred to, or filed with or (except in connection with any Federal agency examination, audit by independent public accountants or review by agencies furnishing ratings on the Bonds) furnished to any governmental agency or other person or entity.

Please note that I am admitted to practice only in the Commonwealth of Virginia and express no opinion concerning the laws of any jurisdictions other than the laws of Virginia and the federal laws of the United States.

Very truly yours,

Kenneth G. Peters
Vice President and
Deputy General Counsel

EXHIBIT G

FORM OF OPINION OF UNDERWRITER'S COUNSEL

[Closing Date]

Merchant Capital, L.L.C.
Montgomery, Alabama

AUSTIN HOUSING FINANCE CORPORATION
$_____
MULTIFAMILY HOUSING REVENUE BONDS
(MARSHALL APARTMENTS) SERIES 2011

We have acted as counsel to Merchant Capital, L.L.C. (the "Underwriter") in connection with the issuance of the above-captioned bonds (the "Bonds"), issued pursuant to a Trust Indenture, dated as of June 1, 2011 (the "Indenture"), between the Austin Housing Finance Corporation (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). As such counsel, we have reviewed such records, certificates, opinions and documents as we have deemed necessary or appropriate for the purpose of this opinion. Upon the basis of such examination, we are of the opinion that under the existing laws, the Bonds may be offered and sold without registration under the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

In connection with the preparation of the Official Statement (the "Official Statement") used in connection with the initial issuance and sale of the Bonds on the date hereof, we have reviewed generally information furnished to us by, and have participated in conferences with, representatives of the Issuer; McCall, Parkhurst & Horton L.L.P., Bond Counsel; the Federal Home Loan Mortgage Corporation ("Freddie Mac"); Kutak Rock LLP, Freddie Mac's outside counsel; Marshall Affordable Partners, Ltd., a Texas limited partnership (the "Borrower"); Balch & Bingham, LLP, Borrower's Counsel; Drenner & Golden Stuart Wolff, L.L.P., special Texas counsel to the Borrower; the Trustee; Oak Grove Capital, the Servicer; Krooft & Altman, LLP, counsel to the Servicer and the Underwriter. We also have reviewed the documents relating to the Bonds described in the Official Statement and other documents and records relating to the issuance and sale of the Bonds. In addition, we have relied upon certificates of officials of the Issuer, the Borrower and Freddie Mac. However, we have not independently verified any factual matters in connection with or apart from the aforementioned review and conferences and, accordingly, we do not express any view or belief as to matters that might have been disclosed by independent verification.

Although we have made no independent investigation or verification of the accuracy, correctness, fairness or completeness of, and do not assume any responsibility for, the information included in the Official Statement (subject to the qualifications set forth herein), no information came to the attention of the attorneys in our firm rendering legal services in connection with the issuance of the Bonds which causes us to believe that the Official Statement (except for the financial statement, financial, statistical and numerical information, forecasts, estimates, assumptions and expressions of opinion, as to which we express no view), as of its date contained, or as of the date of this opinion contains, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Respectfully submitted,

PSW 173674.02 RTB/AEH/bjn

EXHIBIT H

CERTIFICATE OF FEDERAL HOME LOAN MORTGAGE CORPORATION

Relating to certain information
contained in the
Official Statement
for

$_____
Multifamily Housing Revenue Bonds
(Marshall Apartments)
Series 2011

This Certificate of Federal Home Loan Mortgage Corporation ("Freddie Mac") is being executed and delivered on behalf of Freddie Mac by the undersigned, an authorized officer of Freddie Mac. The undersigned certifies, on behalf of Freddie Mac, that the attached information regarding Freddie Mac is true and correct in all material respects and may be included in the Official Statement, dated April __, 2009 for the Bonds described above.

Attachment

Dated: June __, 2011

[Signature Appears on Following Page]

FEDERAL HOME LOAN MORTGAGE CORPORATION

By: _____
Name: _____
Title: _____

[Signature Page to ***Marshall Apartments*** Freddie Mac Certificate]

FREDDIE MAC

The information presented under this caption "FREDDIE MAC" has been supplied by Freddie Mac. None of the Issuer, the Trustee, the Borrower or the Underwriter has independently verified such information, and none assumes responsibility for the accuracy of such information. The information is qualified in its entirety by reference to the Incorporated Documents, as defined below.

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac's securities or obligations.

Freddie Mac's principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by such mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the "Reform Act") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury ("Treasury") entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: http://www.OFHEO.gov and http://www.Treasury.gov.

Freddie Mac registered its common stock with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act"), effective July 18, 2008. As a result, Freddie Mac files annual, quarterly and current reports, proxy statements and other information with the SEC. Prior to July 18, 2008, Freddie Mac prepared an annual Information Statement (containing annual financial disclosures and audited consolidated financial statements) and Information Statement Supplements (containing periodic updates to the annual Information Statement).

As described below, Freddie Mac incorporates certain documents by reference in this Official Statement, which means that Freddie Mac is disclosing information to you by referring you to those documents rather than by providing you with separate copies. Freddie Mac incorporates by reference in this Official Statement its proxy statement, and all documents that Freddie Mac files with the SEC

pursuant to Section 13(a), 13(c) or 14 of the Exchange Act, after July 18, 2008 and prior to the completion of the offering of the related Bonds, excluding any information that Freddie Mac may "furnish" to the SEC but that is not deemed to be "filed." Freddie Mac also incorporates by reference its Registration Statement on Form 10, in the form declared effective by the SEC on July 18, 2008 (the "Registration Statement"). These documents are collectively referred to as the "Incorporated Documents" and are considered part of this Official Statement. You should read this Official Statement, in conjunction with the Incorporated Documents. Information that Freddie Mac incorporates by reference will automatically update information in this Official Statement. Therefore, you should rely only on the most current information provided or incorporated by reference in this Official Statement.

You may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's web site at http://www.sec.gov.

Freddie Mac makes no representations as to the contents of this Official Statement, the suitability of the Bonds for any investor, the feasibility of performance of any project, or compliance with any securities, tax or other laws or regulations. Freddie Mac's role is limited to discharging its obligations under the Credit Enhancement Agreement.

FREDDIE MAC'S OBLIGATIONS WITH RESPECT TO THE BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT AGREEMENT. THE OBLIGATIONS OF FREDDIE MAC UNDER THE CREDIT ENHANCEMENT AGREEMENT WILL BE OBLIGATIONS SOLELY OF FREDDIE MAC, A SHAREHOLDER-OWNED, GOVERNMENT-SPONSORED ENTERPRISE ORGANIZED UNDER THE LAWS OF THE UNITED STATES OF AMERICA. FREDDIE MAC HAS NO OBLIGATION TO PURCHASE, DIRECTLY OR INDIRECTLY, ANY OF THE BONDS, BUT WILL BE OBLIGATED, PURSUANT TO THE CREDIT ENHANCEMENT AGREEMENT, TO PROVIDE FUNDS TO THE TRUSTEE TO PAY THE PURCHASE PRICE OF THE BONDS UNDER THE CIRCUMSTANCES DESCRIBED HEREIN. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, ANY AGENCY THEREOF, OR OF FREDDIE MAC, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FREDDIE MAC.

EXHIBIT I

CLOSING CERTIFICATE OF SERVICER

Re: Louisiana Housing Finance Agency $_____ Multifamily Housing Revenue Bonds (Marshall Apartments) Series 2011

(a) The undersigned, an officer of Capital, Inc. (the "Servicer"), hereby certifies, represents and warrants as follows:

(b The Servicer (i) is a duly and lawfully organized _____ corporation, (ii) is organized and operated for the purposes, among others, of servicing mortgage loans to provide financing for the acquisition and construction of residential rental housing facilities and (iii) has full power and authority to service the Loan, as defined in and as contemplated by the Official Statement with respect to the above-referenced Bonds dated June __, 2011 (the "Official Statement").

(c) As of the date of the Official Statement and as of the date hereof, the information contained in the Official Statement under the caption "THE SERVICER" is true and correct, does not contain any untrue statement of a material fact, and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and the use of the information relating to the Servicer in the Official Statement, including all amendments and supplements thereto, is authorized.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, pending or, to the best knowledge of the Servicer, threatened against or affecting the Servicer, nor, to the best knowledge of the Servicer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would, in any way materially and adversely affect its servicing of the Mortgage Loan or which might result in any material adverse change in the business, operations, properties, assets, liabilities or condition (financial or other) of the Servicer or which materially and adversely affects the information contained under the heading named in the above paragraph (b) set forth in the Official Statement.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his signature this _____ day of June, 2011.

OAK GROVE CAPITAL, a _____ corporation

By: _____
Name: _____
Title: _____

Prepared by, and after recording
return to:

Nicholas A. Pirulli, Esq.
Krooth & Altman LLP
1850 M Street NW, Suite 400
Washington, DC 20036

FIRST MULTIFAMILY DEED OF TRUST,
ASSIGNMENT OF RENTS
AND SECURITY AGREEMENT AND FIXTURE FILING

(TEXAS)
(FOR USE WITH BOND ENHANCEMENTS - REVISION DATE 7-7-2009)

Freddie Mac Loan No: _____
Marshall Apartments

The following must appear in 12 point Times New Roman font (or the equivalent) on the first page of any recorded document if the Borrower is an individual:

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FHLMC Loan No. _____

FIRST MULTIFAMILY DEED OF TRUST, ASSIGNMENT OF RENTS SECURITY AGREEMENT AND FIXTURE FILING (TEXAS) (FOR USE WITH BOND ENHANCEMENTS - REVISION DATE 7-7-2009)

THIS FIRST MULTIFAMILY DEED OF TRUST, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT AND FIXTURE FILING (the "**Instrument**") is made to be effective this 1st day of _____, 2011, by **MARSHALL AFFORDABLE PARTNERS, LTD.**, a limited partnership organized and existing under the laws of Alabama, whose address is 105 Tallapoosa Street, Suite 300, Montgomery, Alabama 36104, as trustor ("**Borrower**"), to [Insert name of title company], as trustee ("**Trustee**"), for the benefit of **AUSTIN HOUSING FINANCE CORPORATION**, a housing finance corporation organized and created under the laws of the State of Texas, whose address is P.O. Box 1088, Austin, Texas 78767-1088, as beneficiary ("**Lender**"). Borrower's organizational identification number, if applicable, is _____.

Borrower, in consideration of the Indebtedness and the trust created by this Instrument, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the Mortgaged Property, including the Land located in Travis County, State of Texas and described in Exhibit A attached to this Instrument. To have and to hold the Mortgaged Property unto Trustee, Trustee's successor in trust and Trustee's assigns forever.

TO SECURE TO LENDER the payment of the Indebtedness, including, without limitation, all sums owing or which become owing by Borrower to Lender under the Reimbursement Agreement and advanced by or on behalf of Lender to protect the security of this Instrument under Section 12, and the performance of the covenants and agreements of Borrower contained in the Loan Documents.

Borrower warrants and represents that Borrower is lawfully seized of the Mortgaged Property and has the right, power and authority to grant, convey and assign the Mortgaged Property, and that the Mortgaged Property is unencumbered, except as shown on the schedule of exceptions to coverage in the title policy issued to and accepted by Lender contemporaneously with the execution and recordation of this Instrument and insuring Lender's interest in the Mortgaged Property (the "**Schedule of Title Exceptions**"). Borrower covenants that Borrower will warrant and defend generally the title to the Mortgaged Property against all claims and demands, subject to any easements and restrictions listed in the Schedule of Title Exceptions.

UNIFORM COVENANTS (FOR USE WITH BOND ENHANCEMENTS - REVISION DATE 7-7-2009)

BOND MORTGAGE

Covenants. In consideration of the mutual promises set forth in this Instrument, Borrower and Lender covenant and agree as follows:

1. **DEFINITIONS.** The following terms, when used in this Instrument (including when used in the above recitals), shall have the meanings set forth below in this Section 1. Any term used in this Instrument and not defined shall have the meaning given to that term in the Indenture.

(a) "**Attorneys' Fees and Costs**" means (i) fees and out-of-pocket costs of Lender's attorneys, as applicable, including costs of Lender's in-house counsel, support staff costs, costs of preparing for litigation, computerized research, telephone and facsimile transmission expenses, mileage, deposition costs, postage, duplicating, process service, videotaping and similar costs and expenses; (ii) costs and fees of expert witnesses, including appraisers; and (iii) investigatory fees.

(b) "**Bonds**" means the Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Marshall Apartments) Series 2011 issued pursuant to the provisions of the Indenture.

(c) "**Bond Mortgage Loan Documents**" means the Financing Agreement, the Bond Mortgage Note, this Instrument, the Regulatory Agreement and any other documents now or in the future executed by Borrower, any guarantor or any other person in connection with the loan evidenced by the Bond Mortgage Note, as such documents may be amended from time to time.

(d) **"Bond Mortgage Note"** means the Bond Mortgage Note described on page 1 of this Instrument, including all schedules, riders, allonges and addenda, as such note may be amended from time to time.

(e) "**Borrower**" means all persons or entities identified as "Borrower" in the first paragraph of this Instrument, together with their successors and assigns.

(f) "**Business Day**" means any day other than (i) a Saturday, (ii) a Sunday, (iii) a day on which the Federal Reserve Bank of New York (or other agent acting as the Credit Facility Provider's fiscal agent identified to the Trustee) is closed, (iv) a day on which the Principal Office of the Credit Facility Provider is closed or (v) a day on which (a) banking institutions in the City of New York or in the city in which the Principal Office of the Trustee, the Principal Office of the Tender Agent, or the Principal Office of the Remarketing Agent or the Principal Office of the Credit Facility Provider is located are closed or (b) the New York Stock Exchange is closed.

(g) "**Credit Enhancement Agreement**" means the Credit Enhancement Agreement between Freddie Mac and the Indenture Trustee, under which Freddie Mac has agreed to provide for the payment of principal of and interest on the Bonds when due and payable with respect to the Bond Mortgage Loan and (if applicable) the payment of the Purchase Price of the Bonds during any period the Bonds bear interest at a variable rate, to the extent there are insufficient remarketing proceeds to pay the Purchase Price of the Bonds tendered for purchase while the Bonds bear interest at a variable rate.

(h) "**Credit Facility**" the Credit Enhancement Agreement or any Alternate Credit Facility at that time in effect.

(i) "**Credit Facility Provider**" means, so long as the Credit Enhancement Agreement is in effect, Freddie Mac, or so long as any Alternate Credit Facility is in effect, the Credit Facility Provider then obligated under the Alternate Credit Facility.

(j) "**Environmental Permit**" means any permit, license, or other authorization issued under any Hazardous Materials Law with respect to any activities or businesses conducted on or in relation to the Mortgaged Property.

(k) "**Event of Default**" means the occurrence of any event listed in Section 22.

(l) "**Financing Agreement**" means the _____ among Issuer, Indenture Trustee and Borrower, as the same may have been from time to time amended or modified, together with any other instruments supplemental thereto, pursuant to which the Issuer has used the proceeds of the Bonds to make or acquire, as applicable, the Bond Mortgage Loan to Borrower in connection with the Project.

(m) "**Fixtures**" means all property owned by Borrower which is so attached to the Land or the Improvements as to constitute a fixture under applicable law, including: machinery, equipment, engines, boilers, incinerators, installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention, or fire detection or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment.

(n) "**Freddie Mac**" the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States, and its successors and assigns.

(o) "**Governmental Authority**" means any board, commission, department or body of any municipal, county, state or federal governmental unit, or any subdivision of any of them, that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property or over the Borrower.

(p) "**Hazard Insurance**" is defined in Section 19.

(q) "**Hazardous Materials**" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Mortgaged Property is prohibited by

any federal, state or local authority; any substance that requires special handling and any other material or substance now or in the future that (i) is defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," or "pollutant" by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

(r) "**Hazardous Materials Laws**" means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials or the protection of human health or the environment and apply to Borrower or to the Mortgaged Property. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.*, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, *et seq.*, the Toxic Substance Control Act, 15 U.S.C. Section 2601, *et seq.*, the Clean Water Act, 33 U.S.C. Section 1251, *et seq.*, and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 *et seq.*, and their state analogs.

(s) "**Impositions**" means, individually and collectively, hazard insurance premiums or other insurance premiums, taxes, water and sewer charges (that could become a lien on the Mortgaged Property), ground rents (if applicable), and assessments or other charges (that could become a lien on the Mortgaged Property).

(t) "**Improvements**" means the buildings, structures, improvements, and alterations now constructed or at any time in the future constructed or placed upon the Land, including any future replacements and additions.

(u) "**Indebtedness**" means the principal of, interest on, and all other amounts due at any time under the Bond Mortgage Note, this Instrument, the Financing Agreement, or any other Bond Mortgage Loan Document, including prepayment premiums, late charges, default interest, and advances as provided in Section 12 to protect the security of this Instrument.

(v) "**Indenture**" means the trust indenture, indenture of trust or bond resolution dated as of the date hereof between the Issuer and the Indenture Trustee, as the same may have been from time to time amended or modified, together with any other instruments supplemental thereto, pursuant to which the Issuer has issued the Bonds.

(w) "**Indenture Trustee**" means The Bank of New York, Mellon Trust Company, N.A. and its successors as trustee under the Indenture.

(x) **"Issuer"** means the Austin Housing Finance Authority, a housing finance corporation organizes and created under the laws of the State of Texas, and its successors.

(y) "**Land**" means the land described in Exhibit A.

(z) "**Leases**" means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Mortgaged Property, or any portion of the Mortgaged Property (including proprietary leases or occupancy agreements if Borrower is a cooperative housing corporation), and all modifications, extensions or renewals.

(aa) "**Lender**" means the entity identified as "Lender" in the first paragraph of this Instrument, or any subsequent holder of the Bond Mortgage Note.

(bb) **"Maturity Date"** means the date on which the Bond Mortgage Note is stated to be due and payable in full.

(cc) "**Mortgaged Property**" means all of Borrower's present and future right, title and interest in and to all of the following:

(i) the Land;

(ii) the Improvements;

(iii) the Fixtures;

(iv) the Personalty;

(v) all current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses, and appurtenances related to or benefiting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated;

(vi) all proceeds paid or to be paid by any insurer of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property , whether or not Borrower obtained the insurance pursuant to Lender's requirements;

(vii) all awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, including any awards or settlements resulting from condemnation proceedings or the total or partial taking of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property under the power of eminent domain or otherwise and including any conveyance in lieu thereof;

(viii) all contracts, options and other agreements for the sale of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property entered into by Borrower now or in the future, including cash or securities deposited to secure performance by parties of their obligations;

(ix) all proceeds from the conversion, voluntary or involuntary, of any of the above into cash or liquidated claims, and the right to collect such proceeds;

(x) all Rents and Leases;

(xi) all earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, and all undisbursed proceeds of the loan secured by this Instrument and, if Borrower is a cooperative housing corporation, maintenance charges or assessments payable by shareholders or residents;

(xii) [Reserved];

(xiii) all refunds or rebates of Impositions by any municipal, state or federal authority or insurance company (other than refunds applicable to periods before the real property tax year in which this Instrument is dated);

(xiv) all tenant security deposits which have not been forfeited by any tenant under any Lease and any bond or other security in lieu of such deposits; and

(xv) all names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property.

(dd) "**O&M Program**" is defined in Section 18(d).

(ee) **"Permitted Encumbrances"** means any easements, encumbrances or restrictions listed on the Schedule of Exceptions and the Reimbursement Mortgage.

(ff) "**Personalty**" means all:

(i) accounts (including deposit accounts) of Borrower related to the Mortgaged Property;

(ii) equipment and inventory owned by Borrower, which are used now or in the future in connection with the ownership, management or operation of the Land or Improvements or are located on the Land or Improvements, including furniture, furnishings, machinery, building materials, goods, supplies, tools, books, records (whether in written or electronic form), and computer equipment (hardware and software);

(iii) other tangible personal property owned by Borrower which is used now or in the future in connection with the ownership, management or operation of the Land or Improvements or is located on the Land or in the Improvements, including ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances (other than Fixtures);

(iv) any operating agreements relating to the Land or the Improvements;

(v) any surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements;

(vi) all other intangible property, general intangibles and rights relating to the operation of, or used in connection with, the Land or the Improvements, including all governmental permits relating to any activities on the Land and including subsidy or similar payments received from any sources, including a governmental authority; and

(vii) any rights of Borrower in or under letters of credit.

(gg) "**Property Jurisdiction**" is defined in Section 30(a).

(hh) "**Regulatory Agreement**" means [Regulatory Agreement] between [among] the Issuer and Borrower [and Indenture Trustee], regulating or restricting the use or manner of operation of the Mortgaged Property and containing requirements that specified percentages of the dwelling units in the Mortgaged Property be occupied by tenants whose incomes are below specified levels.

(ii) "**Reimbursement Agreement**" means the Reimbursement and Security Agreement dated as of even date of this Security Instrument, executed by the Borrower and Freddie Mac, under which the Borrower covenants and agrees to reimburse Freddie Mac for advances made by Freddie Mac under the Credit Enhancement Agreement and to pay certain other fees, costs and amounts, as set forth therein, as the same may be amended from time to time.

(jj) "**Reimbursement Mortgage**" means the Second Multifamily Deed of Trust, Assignment of rents, security Agreement and Fixture Filing dated as of even date herewith, granting a second priority mortgage/deed of trust and security interest in the Mortgaged Property to Freddie Mac to secure the repayment of the Borrower's obligations under the Reimbursement Security Documents.

(kk) "**Reimbursement Security Documents**" shall have the meaning given to that term in the Reimbursement Agreement.

(ll) "**Rents**" means all rents (whether from residential or non-residential space), revenues and other income of the Land or the Improvements, parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Mortgaged Property, whether now due, past due, or to become due, and deposits forfeited by tenants.

(mm) "**Taxes**" means all taxes, assessments, vault rentals and other charges, if any, whether general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, which are levied, assessed or imposed by any public authority or quasi-public authority, and which, if not paid, will become a lien on the Land or the Improvements.

2. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.

(a) This Instrument is also a security agreement under the Uniform Commercial Code for any of the Mortgaged Property which, under applicable law, may be subjected to a security interest under the Uniform Commercial Code, whether such Mortgaged Property is owned now or acquired in the future, and all products and cash and non-cash proceeds thereof (collectively,

"**UCC Collateral**"), and Borrower hereby grants to Lender a security interest in the UCC Collateral. Borrower hereby authorizes Lender to prepare and file financing statements, continuation statements and financing statement amendments in such form as Lender may require to perfect or continue the perfection of this security interest and Borrower agrees, if Lender so requests, to execute and deliver to Lender such financing statements, continuation statements and amendments. Borrower shall pay all filing costs and all costs and expenses of any record searches for financing statements and/or amendments that Lender may require. Without the prior written consent of Lender, Borrower shall not create or permit to exist any other lien or security interest in any of the UCC Collateral except pursuant to the Reimbursement Mortgage.

(b) Unless Borrower gives Notice to Lender within 30 days after the occurrence of any of the following, and executes and delivers to Lender modifications or supplements of this Instrument (and any financing statement which may be filed in connection with this Instrument) as Lender may require, Borrower shall not (i) change its name, identity, structure or jurisdiction of organization; (ii) change the location of its place of business (or chief executive office if more than one place of business); or (iii) add to or change any location at which any of the Mortgaged Property is stored, held or located.

(c) If an Event of Default has occurred and is continuing, Lender shall have the *remedies of a secured party under the Uniform Commercial Code, in addition to all remedies* provided by this Instrument or existing under applicable law. In exercising any remedies, Lender may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of Lender's other remedies.

(d) This Instrument constitutes a financing statement with respect to any part of the Mortgaged Property that is or may become a Fixture, if permitted by applicable law.

3. *ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.*

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all Rents. It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Lender of all Rents and to authorize and empower Lender to collect and receive all Rents without the necessity of further action on the part of Borrower. Promptly upon request by Lender, Borrower agrees to execute and deliver such further assignments of Rents as Lender may from time to time require. Borrower and Lender intend this assignment of Rents to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of Rents, and for no other purpose, Rents shall not be deemed to be a part of the Mortgaged Property. However, if this present, absolute and unconditional assignment of Rents is not enforceable by its terms under the laws of the Property Jurisdiction, then the Rents shall be included as a part of the Mortgaged Property and it is the intention of Borrower that in this circumstance this Instrument create and perfect a lien on Rents in favor of Lender, which lien shall be effective as of the date of this Instrument.

(b) After the occurrence of an Event of Default, Borrower authorizes Lender to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Lender. However, until the occurrence of an Event of Default, Lender hereby grants to Borrower a revocable license to collect and receive all Rents, to hold all Rents in trust for the benefit of Lender and to apply all Rents to pay the Indebtedness and to pay

the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities, Taxes and insurance premiums, tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing, the Rents remaining after application pursuant to the preceding sentence may be retained by Borrower free and clear of, and released from, Lender's rights with respect to Rents under this Instrument. From and after the occurrence of an Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, or by a receiver, Borrower's license to collect Rents shall automatically terminate and Lender shall without Notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid. Borrower shall pay to Lender upon demand all Rents to which Lender is entitled. At any time on or after the date of Lender's demand for Rents, (i) Lender may give, and Borrower hereby irrevocably authorizes Lender to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Lender, (ii) no tenant shall be obligated to inquire further as to the occurrence or continuance of an Event of Default, and (iii) no tenant shall be obligated to pay to Borrower any amounts which are actually paid to Lender in response to such a notice. Any such notice by Lender shall be delivered to each tenant personally, by mail or by delivering such demand to each rental unit. Borrower shall not interfere with and shall cooperate with Lender's collection of such Rents.

(c) Borrower represents and warrants to Lender that Borrower has not executed any prior assignment of Rents (other than an assignment of Rents that secures the Reimbursement Mortgage or secures indebtedness that will be discharged with the proceeds of the loan evidenced by the Bond Mortgage Note), that Borrower has not performed, and Borrower covenants and agrees that it will not perform, any acts and has not executed, and shall not execute, any instrument which would prevent Lender from exercising its rights under this Section 3, and that at the time of execution of this Instrument there has been no anticipation or prepayment of any Rents for more than two months prior to the due dates of such Rents). Borrower shall not collect or accept payment of any Rents more than two months prior to the due dates of such Rents.

(d) If an Event of Default has occurred and is continuing, Lender may, regardless of the adequacy of Lender's security or the solvency of Borrower and even in the absence of waste, enter upon and take and maintain full control of the Mortgaged Property in order to perform all acts that Lender in its discretion determines to be necessary or desirable for the operation and maintenance of the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents, the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management, operation or maintenance of the Mortgaged Property, for the purposes of enforcing the assignment of Rents pursuant to Section 3(a), protecting the Mortgaged Property or the security of this Instrument, or for such other purposes as Lender in its discretion may deem necessary or desirable. Alternatively, if an Event of Default has occurred and is continuing, regardless of the adequacy of Lender's security, without regard to Borrower's solvency and without the necessity of giving prior notice (oral or written) to Borrower, Lender may apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in the preceding sentence. If Lender elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Borrower, by its execution of this Instrument, expressly consents to the appointment of such receiver, including the appointment of a receiver *ex parte* if permitted by applicable law. Lender or the receiver, as the case may be, shall be entitled to receive a reasonable fee for managing the Mortgaged Property. Immediately upon appointment of a receiver or immediately upon the Lender's entering upon and taking possession and control of the Mortgaged Property, Borrower shall surrender

possession of the Mortgaged Property to Lender or the receiver, as the case may be, and shall deliver to Lender or the receiver, as the case may be, all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Mortgaged Property and all security deposits and prepaid Rents. In the event Lender takes possession and control of the Mortgaged Property, Lender may exclude Borrower and its representatives from the Mortgaged Property. Borrower acknowledges and agrees that the exercise by Lender of any of the rights conferred under this Section 3 shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and Improvements.

(e) If Lender enters the Mortgaged Property, Lender shall be liable to account only to Borrower and only for those Rents actually received. Except to the extent of Lender's gross negligence or willful misconduct, Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Mortgaged Property, by reason of any act or omission of Lender under Section 3(d), and Borrower hereby releases and discharges Lender from any such liability to the fullest extent permitted by law.

(f) If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Lender for such purposes shall become an additional part of the Indebtedness as provided in Section 12.

(g) Any entering upon and taking of control of the Mortgaged Property by Lender or the receiver, as the case may be, and any application of Rents as provided in this Instrument shall not cure or waive any Event of Default or invalidate any other right or remedy of Lender under applicable law or provided for in this Instrument.

4. ASSIGNMENT OF LEASES; LEASES AFFECTING THE MORTGAGED PROPERTY.

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all of Borrower's right, title and interest in, to and under the Leases, including Borrower's right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease. It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Lender of all of Borrower's right, title and interest in, to and under the Leases. Borrower and Lender intend this assignment of the Leases to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of the Leases, and for no other purpose, the Leases shall not be deemed to be a part of the Mortgaged Property. However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the Property Jurisdiction, then the Leases shall be included as a part of the Mortgaged Property and it is the intention of Borrower that in this circumstance this Instrument create and perfect a lien on the Leases in favor of Lender, which lien shall be effective as of the date of this Instrument.

(b) Until Lender gives Notice to Borrower of Lender's exercise of its rights under this Section 4, Borrower shall have all rights, power and authority granted to Borrower under any Lease (except as otherwise limited by this Section or any other provision of this Instrument), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. Upon the occurrence of an Event of Default, the permission given to Borrower pursuant to the preceding sentence to exercise all rights, power and authority under Leases shall automatically terminate. Borrower shall comply with and observe Borrower's obligations under

all Leases, including Borrower's obligations pertaining to the maintenance and disposition of tenant security deposits.

(c) Borrower acknowledges and agrees that the exercise by Lender, either directly or by a receiver, of any of the rights conferred under this Section 4 shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and the Improvements. The acceptance by Lender of the assignment of the Leases pursuant to Section 4(a) shall not at any time or in any event obligate Lender to take any action under this Instrument or to expend any money or to incur any expenses. Except to the extent of Lender's gross negligence or willful misconduct, Lender shall not be liable in any way for any injury or damage to person or property sustained by any person or persons, firm or corporation in or about the Mortgaged Property. Prior to Lender's actual entry into and taking possession of the Mortgaged Property, Lender shall not (i) be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease); (ii) be obligated to appear in or defend any action or proceeding relating to the Lease or the Mortgaged Property; or (iii) be responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property. The execution of this Instrument by Borrower shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Mortgaged Property is and shall be that of Borrower, prior to such actual entry and taking of possession.

(d) Upon delivery of Notice by Lender to Borrower of Lender's exercise of Lender's rights under this Section 4 at any time after the occurrence of an Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, Lender immediately shall have all rights, powers and authority granted to Borrower under any Lease, including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

(e) Borrower shall, promptly upon Lender's request, deliver to Lender an executed copy of each residential Lease then in effect. All Leases for residential dwelling units shall be on forms approved by Lender, shall be for initial terms of at least six months and not more than two years, and shall not include options to purchase. If Borrower is a cooperative housing corporation, association or other validly organized entity under municipal, county, state or federal law, notwithstanding anything to the contrary contained in this subsection, so long as Borrower is not in breach of any covenant of this Instrument, Lender hereby consents to the execution of leases of apartments for a term in excess of two years from Borrower to a tenant shareholder of Borrower, to the surrender or termination of such leases of apartments where the surrendered or terminated lease is immediately replaced or where Borrower makes its best efforts to secure such immediate replacement by a newly executed lease of the same apartment to a tenant shareholder of Borrower. However, no consent is hereby given by Lender to any execution, surrender, termination or assignment of a lease under terms that would waive or reduce the obligation of the resulting tenant shareholder under such lease to pay cooperative assessments in full when due or the obligation of the former tenant shareholder to pay any unpaid portion of such assessments.

(f) Except for laundry facilities, telephone or internet access services, and cable television services for tenants on market terms and conditions, Borrower shall not lease any portion of the Mortgaged Property for non-residential use except with the prior written consent of Lender and Lender's prior written approval of the Lease agreement. Borrower shall not

modify the terms of, or extend or terminate, any Lease for non-residential use (including any Lease in existence on the date of this Instrument) without the prior written consent of Lender. However, Lender's consent shall not be required for the modification or extension of a non-residential Lease if such modification or extension is on terms at least as favorable to Borrower as those customary at that time in the applicable market and the income from the extended or modified Lease will not be less than the income received from the Lease as of the date of this Instrument. Borrower shall, without request by Lender, deliver an executed copy of each non-residential Lease to Lender promptly after such Lease is signed. All non-residential Leases, including renewals or extensions of existing Leases, shall specifically provide that (i) such Leases are subordinate to the lien of this Instrument; (ii) the tenant shall attorn to Lender and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Mortgaged Property by any purchaser at a foreclosure sale or by Lender in any manner; (iii) the tenant agrees to execute such further evidences of attornment as Lender or any purchaser at a foreclosure sale may from time to time request; (iv) the Lease shall not be terminated by foreclosure or any other transfer of the Mortgaged Property; (v) after a foreclosure sale of the Mortgaged Property, Lender or any other purchaser at such foreclosure sale may, at Lender's or such purchaser's option, accept or terminate such Lease; and (vi) the tenant shall, upon receipt after the occurrence of an Event of Default of a written request from Lender, pay all Rents payable under the Lease to Lender.

(g) Borrower shall not receive or accept Rent under any Lease (whether residential or non-residential) for more than two months in advance.

5. PAYMENT OF INDEBTEDNESS; PERFORMANCE UNDER BOND MORTGAGE LOAN DOCUMENTS. Borrower shall pay the Indebtedness when due in accordance with the terms of the Bond Mortgage Note and the other Bond Mortgage Loan Documents and shall perform, observe and comply with all other provisions of the Bond Mortgage Note and the other Bond Mortgage Loan Documents.

6. EXCULPATION. Borrower's personal liability for payment of the Indebtedness and for performance of the other obligations to be performed by it under this Instrument is limited in the manner, and to the extent, provided in the Bond Mortgage Note.

7. INTENTIONALLY OMITTED.

8. INTENTIONALLY OMITTED.

9. APPLICATION OF PAYMENTS. If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, then Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Neither Lender's acceptance of an amount that is less than all amounts then due and payable nor Lender's application of such payment in the manner authorized shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction. Notwithstanding the application of any such amount to the Indebtedness, Borrower's obligations under this Instrument, the Bond Mortgage Note and the other Bond Mortgage Loan Documents shall remain unchanged.

10. COMPLIANCE WITH LAWS AND ORGANIZATIONAL DOCUMENTS.

(a) Borrower shall comply with all laws, ordinances, regulations and requirements of any Governmental Authority and all recorded lawful covenants and agreements relating to or affecting the Mortgaged Property, including all laws, ordinances, regulations, requirements and covenants pertaining to health and safety, construction of improvements on the Mortgaged Property, fair housing, disability accommodation, zoning and land use, and Leases. Borrower also shall comply with all applicable laws that pertain to the maintenance and disposition of tenant security deposits.

(b) Borrower shall at all times maintain records sufficient to demonstrate compliance with the provisions of this Section 10.

(c) Borrower shall take appropriate measures to prevent, and shall not engage in or knowingly permit, any illegal activities at the Mortgaged Property that could endanger tenants or visitors, result in damage to the Mortgaged Property, result in forfeiture of the Mortgaged Property, or otherwise materially impair the lien created by this Instrument or Lender's interest in the Mortgaged Property. Borrower represents and warrants to Lender that no portion of the Mortgaged Property has been or will be purchased with the proceeds of any illegal activity.

(d) Borrower shall at all times comply with all laws, regulations and requirements of any Governmental Authority relating to Borrower's formation, continued existence and good standing in the Property Jurisdiction. Borrower shall at all times comply with its organizational documents, including but not limited to its partnership agreement (if Borrower is a partnership), its by-laws (if Borrower is a corporation or housing cooperative corporation or association) or its operating agreement (if Borrower is a limited liability company, joint venture or tenancy-in-common). If Borrower is a housing cooperative corporation or association, Borrower shall at all times maintain its status as a "cooperative housing corporation" as such term is defined in Section 216(b) of the Internal revenue Code of 1986, as amended, or any successor statute thereto.

11. USE OF PROPERTY. Unless required by applicable law, Borrower shall not (a) allow changes in the use for which all or any part of the Mortgaged Property is being used at the time this Instrument was executed, except for any change in use approved by Lender, (b) convert any individual dwelling units or common areas to commercial use, (c) initiate a change in the zoning classification of the Mortgaged Property or acquiesce without Notice to and consent of Lender in a change in the zoning classification of the Mortgaged Property, (d) establish any condominium or cooperative regime with respect to the Mortgaged Property, (e) combine all or any part of the Mortgaged Property with all or any part of a tax parcel which is not part of the Mortgaged Property, or (f) subdivide or otherwise split any tax parcel constituting all or any part of the Mortgaged Property without the prior consent of Lender.

12. PROTECTION OF LENDER'S SECURITY; INSTRUMENT SECURES FUTURE ADVANCES.

(a) If Borrower fails to perform any of its obligations under this Instrument, the Bond Mortgage Note or any other Bond Mortgage Loan Document, or if any action or proceeding is

commenced which purports to affect the Mortgaged Property, Lender's security or Lender's rights under this Instrument, including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Hazardous Materials Laws, fraudulent conveyance or reorganizations or proceedings involving a bankrupt or decedent, then Lender at Lender's option may make such appearances, file such documents, disburse such sums and take such actions as Lender reasonably deems necessary to perform such obligations of Borrower and to protect Lender's interest, including (i) payment of Attorneys' Fees and Costs, (ii) payment of fees and out-of-pocket expenses of accountants, inspectors and consultants, (iii) entry upon the Mortgaged Property to make repairs or secure the Mortgaged Property, (iv) procurement of the insurance required by Section 19, and (v) payment of amounts which Borrower has failed to pay under Sections 15 and 17.

(b) Any amounts disbursed by Lender under this Section 12, or under any other provision of this Instrument that treats such disbursement as being made under this Section 12, shall be secured by this Instrument, shall be added to, and become part of, the principal component of the Indebtedness, shall be immediately due and payable and shall bear interest from the date of disbursement until paid at the default rate of interest payable under the Bond Mortgage Loan Documents.

(c) Nothing in this Section 12 shall require Lender to incur any expense or take any action.

13. INSPECTION. Lender, its agents, representatives, and designees may make or cause to be made entries upon and inspections of the Mortgaged Property (including environmental inspections and tests to the extent permitted under Section 18) during normal business hours, or at any other reasonable time, upon reasonable notice to Borrower if the inspection is to include occupied residential units (which notice need not be in writing). Notice to Borrower shall not be required in the case of an emergency, as determined in Lender's discretion, or when an Event of Default has occurred and is continuing.

14. BOOKS AND RECORDS; FINANCIAL REPORTING.

(a) Borrower shall keep and maintain at all times at the Mortgaged Property or the management agent's office, and upon Lender's request shall make available at the Mortgaged Property (or, at Borrower's option, at the management agent's office), complete and accurate books of account and records (including copies of supporting bills and invoices) adequate to reflect correctly the operation of the Mortgaged Property, and copies of all written contracts, Leases, and other instruments which affect the Mortgaged Property. The books, records, contracts, Leases and other instruments shall be subject to examination and inspection by Lender at any reasonable time.

(b) At any time upon Lender's request, Borrower shall furnish to Lender each of the following. However, Lender shall not require any of the following more frequently than quarterly except when there has been an Event of Default and such Event of Default is continuing, in which case Lender may require Borrower to furnish any of the following more frequently:

(i) a balance sheet, a statement of income and expenses for Borrower and a statement of changes in financial position of Borrower for Borrower's most recent fiscal year;

(ii) a quarterly or year-to-date income and expense statement for the Mortgaged Property;

(iii) a monthly property management report for the Mortgaged Property, showing the number of inquiries made and rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender; and

(iv) a certificate from Borrower that the Mortgaged Property is in compliance with the Regulatory Agreement, together with the most current certificates of compliance or other evidence of current compliance issued by the applicable Governmental Authority.

(c) Upon Lender's request at any time when an Event of Default has occurred and is continuing, Borrower shall furnish to Lender monthly income and expense statements and rent schedules for the Mortgaged Property.

(f) An individual having authority to bind Borrower shall certify each of the statements, schedules and reports required by Sections 14(b) and 14(c) to be complete and accurate. Each of the statements, schedules and reports required by Sections 14(b) and 14(c) shall be in such form and contain such detail as Lender may reasonably require.

(g) If Borrower fails to provide in a timely manner the statements, schedules and reports required by Sections 14(b) and 14(c), Lender shall give Borrower Notice specifying the statements, schedules and reports required by Sections 14(b) and 14(c) that Borrower has failed to provide. If Borrower has not provided the required statements, schedules and reports within 10 Business Days following such Notice, then Lender shall have the right to have Borrower's books and records audited, at Borrower's expense, by independent certified public accountants selected by Lender in order to obtain such statements, schedules and reports, and all related costs and expenses of Lender shall become immediately due and payable and shall become an additional part of the Indebtedness as provided in Section 12. Notice to Borrower shall not be required in the case of an emergency, as determined in Lender's discretion, or when an Event of Default has occurred and is continuing.

(h) If an Event of Default has occurred and is continuing, Borrower shall deliver to Lender upon written demand all books and records relating to the Mortgaged Property or its operation.

(i) Borrower authorizes Lender to obtain a credit report on Borrower at any time.

15. TAXES; OPERATING EXPENSES.

(a) Subject to the provisions of Section 15(c), Borrower shall pay, or cause to be paid, all Taxes when due and before the addition of any interest, fine, penalty or cost for nonpayment.

(b) Borrower shall (i) pay the expenses of operating, managing, maintaining and repairing the Mortgaged Property (including utilities, repairs and replacements) before the last date upon which each such payment may be made without any penalty or interest charge being added, and (ii) pay insurance premiums at least 30 days prior to the expiration date of each policy of insurance, unless applicable law specifies some lesser period.

(c) Borrower, at its own expense, may contest by appropriate legal proceedings, conducted diligently and in good faith, the amount or validity of any Imposition other than insurance premiums, if (i) Borrower notifies Lender of the commencement or expected commencement of such proceedings, (ii) the Mortgaged Property is not in danger of being sold or forfeited, (iii) if Borrower has not already paid the Imposition, Borrower deposits with Lender reserves sufficient to pay the contested Imposition, if requested by Lender, and (iv) Borrower furnishes whatever additional security is required in the proceedings or is reasonably requested by Lender.

(d) Borrower shall promptly deliver to Lender a copy of all notices of, and invoices for, Impositions, and if Borrower pays any Imposition directly, Borrower shall furnish to Lender, on or before the date this Instrument requires such Impositions to be paid, receipts evidencing that such payments were made.

16. LIENS; ENCUMBRANCES. Borrower acknowledges that the grant, creation or existence of any mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance (a "**Lien**") on the Mortgaged Property (other than the lien of this Instrument and Permitted Encumbrances), and whether or not such Lien has priority over the lien of this Instrument, constitutes an Event of Default; provided, however, a Lien shall not include (i) a lien against the Mortgaged Property for local taxes and/or assessments not yet delinquent, (ii) the creation of a mechanic's, materialman's, or judgment lien against the Mortgaged Property, which is released of record or otherwise remedied to Lender's satisfaction within 60 days of the date of creation, or (iii) the grant of an easement, if before the grant Lender determines that the easement will not materially affect the operation or value of the Mortgaged Property or Lender's interest in the Mortgaged Property, and Borrower pays to Lender, upon demand, all costs and expenses, including Attorneys' Fees and Costs, incurred by Lender in connection with reviewing Borrower's request.

17. PRESERVATION, MANAGEMENT AND MAINTENANCE OF MORTGAGED PROPERTY.

(a) Borrower shall not commit waste or permit impairment or deterioration of the Mortgaged Property.

(b) Borrower shall not abandon the Mortgaged Property.

(c) Borrower shall restore or repair promptly, in a good and workmanlike manner, any damaged part of the Mortgaged Property to the equivalent of its original condition, or such other condition as Lender may approve in writing, whether or not insurance proceeds or condemnation awards are available to cover any costs of such restoration or repair; however, Borrower shall not be obligated to perform such restoration or repair if (i) no Event of Default has occurred and is continuing, and (ii) Lender has elected to apply any available insurance proceeds and/or condemnation awards to the payment of Indebtedness pursuant to Section 19(h)(ii), (iii), (iv) or (v), or pursuant to Section 20.

(d) Borrower shall keep the Mortgaged Property in good repair, including the replacement of Personalty and Fixtures with items of equal or better function and quality.

(e) Borrower shall provide for professional management of the Mortgaged Property by a residential rental property manager satisfactory to Lender at all times under a contract approved by Lender in writing, which contract must be terminable upon not more than 30 days notice without the necessity of establishing cause and without payment of a penalty or termination fee by Borrower or its successors.

(f) Borrower shall give Notice to Lender of and, unless otherwise directed in writing by Lender, shall appear in and defend any action or proceeding purporting to affect the Mortgaged Property, Lender's security or Lender's rights under this Instrument. Borrower shall not (and shall not permit any tenant or other person to) remove, demolish or alter the Mortgaged Property or any part of the Mortgaged Property, including any removal, demolition or alteration occurring in connection with a rehabilitation of all or part of the Mortgaged Property, except (i) in connection with the replacement of tangible Personalty, (ii) if Borrower is a cooperative housing corporation, to the extent permitted with respect to individual dwelling units under the form of proprietary lease or occupancy agreement and (iii) repairs and replacements in connection with making an individual unit ready for a new occupant.

18. ENVIRONMENTAL HAZARDS.

(a) Except for matters described in Section 18(b), Borrower shall not cause or permit any of the following:

(i) the presence, use, generation, release, treatment, processing, storage (including storage in above ground and underground storage tanks), handling, or disposal of any Hazardous Materials on or under the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property;

(ii) the transportation of any Hazardous Materials to, from, or across the Mortgaged Property;

(iii) any occurrence or condition on the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property, which occurrence or condition is or may be in violation of Hazardous Materials Laws;

(iv) any violation of or noncompliance with the terms of any Environmental Permit with respect to the Mortgaged Property or any property of Borrower that is adjacent to the Mortgaged Property;

(v) any violation or noncompliance with the terms of any O&M Program as defined in subsection (d).

The matters described in clauses (i) through (v) above, except as otherwise provided in Section 18(b), are referred to collectively in this Section 18 as "**Prohibited Activities or Conditions**."

(b) Prohibited Activities or Conditions shall not include lawful conditions permitted by an O&M Program or the safe and lawful use and storage of quantities of (i) pre-packaged supplies, cleaning materials, petroleum products, household products, paints, solvents, lubricants and other materials customarily used in the operation and maintenance of comparable multifamily properties, (ii) cleaning materials, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Mortgaged Property; and (iii) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Mortgaged Property's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials Laws.

(c) Borrower shall take all commercially reasonable actions (including the inclusion of appropriate provisions in any Leases executed after the date of this Instrument) to prevent its employees, agents, and contractors, and all tenants and other occupants from causing or permitting any Prohibited Activities or Conditions. Borrower shall not lease or allow the sublease or use of all or any portion of the Mortgaged Property to any tenant or subtenant for nonresidential use by any user that, in the ordinary course of its business, would cause or permit any Prohibited Activity or Condition.

(d) As may be required by the Credit Facility Provider, Borrower shall establish a written operations and maintenance program with respect to certain Hazardous Materials. Each such operations and maintenance program and any additional or revised operations and maintenance programs shall be referred to herein as an "**O&M Program**." Borrower shall comply in a timely manner with, and cause all employees, agents, and contractors of Borrower and any other persons present on the Mortgaged Property to comply with each O&M Program. Borrower shall pay all costs of performance of Borrower's obligations under any O&M Program, and Lender's out-of-pocket costs incurred in connection with the monitoring and review of each O&M Program and Borrower's performance shall be paid by Borrower upon demand by Lender. Any such out-of-pocket costs of Lender that Borrower fails to pay promptly shall become an additional part of the Indebtedness as provided in Section 12.

(e) Borrower represents and warrants to Lender that, except as previously disclosed by Borrower to Lender in writing (which written disclosure may be in certain environmental assessments and other written reports accepted by Lender in connection with the funding of the Indebtedness and dated prior to the date of this Instrument):

(i) Borrower has not at any time engaged in, caused or permitted any Prohibited Activities or Conditions on the Mortgaged Property;

(ii) to the best of Borrower's knowledge after reasonable and diligent inquiry, no Prohibited Activities or Conditions exist or have existed on the Mortgaged Property;

(iii) the Mortgaged Property does not now contain any underground storage tanks, and, to the best of Borrower's knowledge after reasonable and diligent inquiry, the Mortgaged Property has not contained any underground storage tanks in the past. If there is an underground storage tank located on the Mortgaged Property that has been previously disclosed by Borrower to Lender in writing, that tank complies with all requirements of Hazardous Materials Laws;

(iv) to the best of Borrower's knowledge after reasonable and diligent inquiry, Borrower has complied with all Hazardous Materials Laws, including all requirements for notification regarding releases of Hazardous Materials. Without limiting the generality of the foregoing, Borrower has obtained all Environmental Permits required for the operation of the Mortgaged Property in accordance with Hazardous Materials Laws now in effect and all such Environmental Permits are in full force and effect;

(v) to the best of Borrower's knowledge after reasonable and diligent inquiry, no event has occurred with respect to the Mortgaged Property that constitutes, or with the passing of time or the giving of notice would constitute, noncompliance with the terms of any Environmental Permit;

(vi) there are no actions, suits, claims or proceedings pending or, to the best of Borrower's knowledge after reasonable and diligent inquiry, threatened that involve the Mortgaged Property and allege, arise out of, or relate to any Prohibited Activity or Condition; and

(vii) Borrower has not received any written complaint, order, notice of violation or other communication from any Governmental Authority with regard to air emissions, water discharges, noise emissions or Hazardous Materials, or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property.

The representations and warranties in this Section 18 shall be continuing representations and warranties that shall be deemed to be made by Borrower until such time as the Indebtedness is paid in full or otherwise discharged.

(f) Borrower shall promptly notify Lender in writing upon the occurrence of any of the following events:

(i) Borrower's discovery of any Prohibited Activity or Condition;

(ii) Borrower's receipt of or knowledge of any written complaint, order, notice of violation or other communication from any tenant, management agent, Governmental Authority or other person with regard to present or future alleged Prohibited Activities or Conditions, or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property; or

(iii) Borrower's breach of any of its obligations under this Section 18.

Any such notice given by Borrower shall not relieve Borrower of, or result in a waiver of, any obligation under this Instrument, the Bond Mortgage Note, or any other Bond Mortgage Loan Document.

(g) Borrower shall pay promptly the costs of any environmental inspections, tests or audits, a purpose of which is to identify the extent or cause of or potential for a Prohibited Activity or Condition ("**Environmental Inspections**"), required by Lender in connection with any foreclosure or deed in lieu of foreclosure, or required by Lender following a reasonable determination by Lender that Prohibited Activities or Conditions may exist. Any such costs incurred by Lender (including Attorneys' Fees and Costs and the costs of technical consultants whether incurred in connection with any judicial or administrative process or otherwise) that Borrower fails to pay promptly shall become an additional part of the Indebtedness as provided in Section 12. As long as (i) no Event of Default has occurred and is continuing, (ii) Borrower has actually paid for or reimbursed Lender for all costs of any such Environmental Inspections performed or required by Lender, and (iii) Lender is not prohibited by law, contract or otherwise from doing so, Lender shall make available to Borrower, without representation of any kind, copies of Environmental Inspections prepared by third parties and delivered to Lender. Lender hereby reserves the right, and Borrower hereby expressly authorizes Lender, to make available to any party, including any prospective bidder at a foreclosure sale of the Mortgaged Property, the results of any Environmental Inspections made by or for Lender with respect to the Mortgaged Property. Borrower consents to Lender notifying any party (either as part of a notice of sale or otherwise) of the results of any Environmental Inspections made by or for Lender. Borrower acknowledges that Lender cannot control or otherwise assure the truthfulness or accuracy of the results of any Environmental Inspections and that the release of such results to prospective bidders at a foreclosure sale of the Mortgaged Property may have a material and adverse effect upon the amount that a party may bid at such sale. Borrower agrees that Lender shall have no liability whatsoever as a result of delivering the results to any third party of any Environmental Inspections made by or for Lender, and Borrower hereby releases and forever discharges Lender from any and all claims, damages, or causes of action, arising out of, connected with or incidental to the results of, the delivery of any of Environmental Inspections made by or for Lender.

(h) If any investigation, site monitoring, containment, clean-up, restoration or other remedial work ("**Remedial Work**") is necessary to comply with any Hazardous Materials Law or order of any Governmental Authority that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property under any Hazardous Materials Law, or is otherwise required by Lender as a consequence of any Prohibited Activity or Condition or to prevent the occurrence of a Prohibited Activity or Condition, Borrower shall, by the earlier of (i) the applicable deadline required by Hazardous Materials Law or (ii) 30 days after Notice from Lender demanding such action, begin performing the Remedial Work, and thereafter diligently prosecute it to completion, and shall in any event complete the work by the time required by applicable Hazardous Materials Law. If Borrower fails to begin on a timely basis or diligently prosecute any required Remedial Work, Lender may, at its option, cause the Remedial Work to be completed, in which case Borrower shall reimburse Lender on demand for the cost of doing so. Any reimbursement due from Borrower to Lender shall become part of the Indebtedness as provided in Section 12.

(i) Borrower shall comply with all Hazardous Materials Laws applicable to the Mortgaged Property. Without limiting the generality of the previous sentence, Borrower shall (i) obtain and maintain all Environmental Permits required by Hazardous Materials Laws and comply with all conditions of such Environmental Permits; (ii) cooperate with any inquiry by any Governmental Authority; and (iii) comply with any governmental or judicial order that arises from any alleged Prohibited Activity or Condition.

(j) Borrower shall indemnify, hold harmless and defend (i) Lender, (ii) any prior owner or holder of the Bond Mortgage Note, (iii) the officers, directors, shareholders, partners, employees and trustees of any of the foregoing, and (iv) the heirs, legal representatives, successors and assigns of each of the foregoing (collectively, the "**Indemnitees**") from and against all proceedings, claims, damages, penalties and costs (whether initiated or sought by Governmental Authorities or private parties), including Attorneys' Fees and Costs and remediation costs, whether incurred in connection with any judicial or administrative process or otherwise, arising directly or indirectly from any of the following:

(i) any breach of any representation or warranty of Borrower in this Section 18;

(ii) any failure by Borrower to perform any of its obligations under this Section 18;

(iii) the existence or alleged existence of any Prohibited Activity or Condition;

(iv) the presence or alleged presence of Hazardous Materials on or under the Mortgaged Property or in any of the Improvements or on or under any property of Borrower that is adjacent to the Mortgaged Property; and

(v) the actual or alleged violation of any Hazardous Materials Law.

(k) Counsel selected by Borrower to defend Indemnitees shall be subject to the approval of those Indemnitees. In any circumstances in which the indemnity under this Section 18 applies, Lender may employ its own legal counsel and consultants to prosecute, defend or negotiate any claim or legal or administrative proceeding and Lender, with the prior written consent of Borrower (which shall not be unreasonably withheld, delayed or conditioned) may settle or compromise any action or legal or administrative proceeding. However, unless an Event of Default has occurred and is continuing, or the interests of Borrower and Lender are in conflict, as determined by Lender in its discretion, Lender shall permit Borrower to undertake the actions referenced in this Section 18 in accordance with this Section 18(k) and Section 18(l) so long as Lender approves such action, which approval shall not be unreasonably withheld or delayed. Borrower shall reimburse Lender upon demand for all costs and expenses incurred by Lender, including all costs of settlements entered into in good faith, consultants' fees and Attorneys' Fees and Costs.

(l) Borrower shall not, without the prior written consent of those Indemnitees who are named as parties to a claim or legal or administrative proceeding (a "**Claim**"), settle or compromise the Claim if the settlement (i) results in the entry of any judgment that does not include as an unconditional term the delivery by the claimant or plaintiff to Lender of a written release of those Indemnitees, satisfactory in form and substance to Lender; or (ii) may materially and adversely affect Lender, as determined by Lender in its discretion.

(m) Borrower's obligation to indemnify the Indemnitees shall not be limited or impaired by any of the following, or by any failure of Borrower or any guarantor to receive notice of or consideration for any of the following:

(i) any amendment or modification of any Bond Mortgage Loan Document;

(ii) any extensions of time for performance required by any Bond Mortgage Loan Document;

(iii) any provision in any of the Bond Mortgage Loan Documents limiting Lender's recourse to property securing the Indebtedness, or limiting the personal liability of Borrower or any other party for payment of all or any part of the Indebtedness;

(iv) the accuracy or inaccuracy of any representations and warranties made by Borrower under this Instrument or any other Bond Mortgage Loan Document;

(v) the release of Borrower or any other person, by Lender or by operation of law, from performance of any obligation under any Bond Mortgage Loan Document;

(vi) the release or substitution in whole or in part of any security for the Indebtedness; and

(vii) Lender's failure to properly perfect any lien or security interest given as security for the Indebtedness.

(n) Borrower shall, at its own cost and expense, do all of the following:

(i) pay or satisfy any judgment or decree that may be entered against any Indemnitee or Indemnitees in any legal or administrative proceeding incident to any matters against which Indemnitees are entitled to be indemnified under this Section 18;

(ii) reimburse Indemnitees for any expenses paid or incurred in connection with any matters against which Indemnitees are entitled to be indemnified under this Section 18; and

(iii) reimburse Indemnitees for any and all expenses, including Attorneys' Fees and Costs, paid or incurred in connection with the enforcement by Indemnitees of their rights under this Section 18, or in monitoring and participating in any legal or administrative proceeding.

(o) The provisions of this Section 18 shall be in addition to any and all other obligations and liabilities that Borrower may have under applicable law or under other Bond Mortgage Loan Documents, and each Indemnitee shall be entitled to indemnification under this Section 18 without regard to whether Lender or that Indemnitee has exercised any rights against the Mortgaged Property or any other security, pursued any rights against any guarantor, or pursued any other rights available under the Bond Mortgage Loan Documents or applicable law. If Borrower consists of more than one person or entity, the obligation of those persons or entities to indemnify the Indemnitees under this Section 18 shall be joint and several. The obligation of Borrower to indemnify the Indemnitees under this Section 18 shall survive any repayment or discharge of the Indebtedness, any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, and any release of record of the lien of this Instrument. Notwithstanding the foregoing, if Lender has never been a mortgagee-in-possession of, or held title to, the Mortgaged Property, Borrower shall have no obligation to indemnify the Indemnitees under this Section 18 after the date of the release of record of the lien of this Instrument by payment in full of the Indebtedness.

19. PROPERTY AND LIABILITY INSURANCE.

(a) Borrower shall keep the Improvements insured at all times against such hazards as Lender may from time to time require, which insurance shall include but not be limited to coverage against loss by fire, windstorm and allied perils, general boiler and machinery coverage, and business interruption including loss of rental value insurance for the Mortgaged

Property with extra expense insurance. If Lender so requires, such insurance shall also include sinkhole insurance, mine subsidence insurance, earthquake insurance, and, if the Mortgaged Property does not conform to applicable zoning or land use laws, building ordinance or law coverage. In the event any updated reports or other documentation are reasonably required by Lender in order to determine whether such additional insurance is necessary or prudent, Borrower shall pay for all such documentation at its sole cost and expense. Borrower acknowledges and agrees that Lender's insurance requirements may change from time to time throughout the term of the Indebtedness. If any of the Improvements is located in an area identified by the Federal Emergency Management Agency (or any successor to that agency) as an area having special flood hazards, Borrower shall insure such Improvements against loss by flood. All insurance required pursuant to this Section 19(a) shall be referred to as "Hazard Insurance." All policies of Hazard Insurance must include a non-contributing, non-reporting mortgagee clause in favor of, and in a form approved by, Lender.

(b) Borrower shall deliver to Lender a legible copy of each insurance policy (or duplicate original) and Borrower shall promptly deliver to Lender a copy of all renewal and other notices received by Borrower with respect to the policies and all receipts for paid premiums. At least 5 days prior to the expiration date of any insurance policy, Borrower shall deliver to Lender evidence acceptable to Lender that the policy has been renewed. If Borrower has not delivered a legible copy of each renewal policy (or a duplicate original) prior to the expiration date of any insurance policy, Borrower shall deliver a legible copy of each renewal policy (or a duplicate original) in a form satisfactory to Lender within 120 days after the expiration date of the original policy.

(c) Borrower shall maintain at all times commercial general liability insurance, workers' compensation insurance and such other liability, errors and omissions and fidelity insurance coverages as Lender may from time to time require. All policies for general liability insurance must contain a standard additional insured provision, in favor of, and in a form approved by, Lender.

(d) All insurance policies and renewals of insurance policies required by this Section 19 shall be in such amounts and for such periods as Lender may from time to time require, and shall be issued by insurance companies satisfactory to Lender.

(e) Borrower shall comply with all insurance requirements and shall not permit any condition to exist on the Mortgaged Property that would invalidate any part of any insurance coverage that this Instrument requires Borrower to maintain.

(f) In the event of loss, Borrower shall give immediate written notice to the insurance carrier and to Lender. Borrower hereby authorizes and appoints Lender as attorney-in-fact for Borrower to make proof of loss, to adjust and compromise any claims under policies of Hazard Insurance, to appear in and prosecute any action arising from such Hazard Insurance policies, to collect and receive the proceeds of Hazard Insurance, and to deduct from such proceeds Lender's expenses incurred in the collection of such proceeds. This power of attorney is coupled with an

interest and therefore is irrevocable. However, nothing contained in this Section 19 shall require Lender to incur any expense or take any action. Lender may, at Lender's option, (i) require a "repair or replacement" settlement, in which case the proceeds will be used to reimburse Borrower for the cost of restoring and repairing the Mortgaged Property to the equivalent of its original condition or to a condition approved by Lender (the "**Restoration**"), or (ii) require an "actual cash value" settlement in which case the proceeds may be applied to the payment of the Indebtedness, whether or not then due. To the extent Lender determines to require a repair or replacement settlement and apply insurance proceeds to Restoration, Lender shall apply the proceeds in accordance with Lender's then-current policies relating to the restoration of casualty damage on similar multifamily properties.

(g) Notwithstanding any provision to the contrary in this Section 19, as long as no Event of Default, or any event which, with the giving of Notice or the passage of time, or both, would constitute an Event of Default, has occurred and is continuing, in the event of a casualty resulting in damage to the Mortgaged Property which will cost less than $50,000 to repair, the Borrower shall have the sole right to make proof of loss, adjust and compromise the claim and collect and receive any proceeds directly without the approval or prior consent of the Lender so long as the insurance proceeds are used solely for the Restoration of the Mortgaged Property.

(h) Lender will have the right to exercise its option to apply insurance proceeds to the payment of the Indebtedness only if Lender determines that at least one of the following conditions is met:

(i) an Event of Default (or any event, which, with the giving of Notice or the passage of time, or both, would constitute an Event of Default) has occurred and is continuing;

(ii) Lender determines, in its discretion, that there will not be sufficient funds from insurance proceeds, anticipated contributions of Borrower of its own funds or other sources acceptable to Lender to complete the Restoration;

(iii) Lender determines, in its discretion, that the rental income from the Mortgaged Property after completion of the Restoration will not be sufficient to meet all operating costs and other expenses, Impositions, deposits to reserves and loan repayment obligations relating to the Mortgaged Property;

(iv) Lender determines, in its discretion, that the Restoration will not be completed at least one year before the Maturity Date (or six months before the Maturity Date if Lender determines in its discretion that re-leasing of the Mortgaged Property will be completed within such six-month period); or

(v) Lender determines that the Restoration will not be completed within one year after the date of the loss or casualty.

(i) If the Mortgaged Property is sold at a foreclosure sale or Lender acquires title to the Mortgaged Property, Lender shall automatically succeed to all rights of Borrower in and to any insurance policies and unearned insurance premiums and in and to the proceeds resulting from any damage to the Mortgaged Property prior to such sale or acquisition.

(j) Unless Lender otherwise agrees in writing, any application of any insurance proceeds to the Indebtedness shall not extend or postpone the due date of any monthly installments referred to in the Bond Mortgage Note, or change the amount of such installments.

(k) Borrower agrees to execute such further evidence of assignment of any insurance proceeds as Lender may require.

20. CONDEMNATION.

(a) Borrower shall promptly notify Lender in writing of any action or proceeding or notice relating to any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Mortgaged Property, whether direct or indirect (a "**Condemnation**"). Borrower shall appear in and prosecute or defend any action or proceeding relating to any Condemnation unless otherwise directed by Lender in writing. Borrower authorizes and appoints Lender as attorney-in-fact for Borrower to commence, appear in and prosecute, in Lender's or Borrower's name, any action or proceeding relating to any Condemnation and to settle or compromise any claim in connection with any Condemnation, after consultation with Borrower and consistent with commercially reasonable standards of a prudent lender. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 20 shall require Lender to incur any expense or take any action. Borrower hereby transfers and assigns to Lender all right, title and interest of Borrower in and to any award or payment with respect to (i) any Condemnation, or any conveyance in lieu of Condemnation, and (ii) any damage to the Mortgaged Property caused by governmental action that does not result in a Condemnation.

(b) Lender may apply such awards or proceeds, after the deduction of Lender's expenses incurred in the collection of such amounts (including Attorneys' Fees and Costs) at Lender's option, to the restoration or repair of the Mortgaged Property or to the payment of the Indebtedness, with the balance, if any, to Borrower. Unless Lender otherwise agrees in writing, any application of any awards or proceeds to the Indebtedness shall not extend or postpone the due date of any monthly installments referred to in the Bond Mortgage Note, or change the amount of such installments. Borrower agrees to execute such further evidence of assignment of any awards or proceeds as Lender may require.

21. INTENTIONALLY OMITTED.

22. EVENTS OF DEFAULT. The occurrence of any one or more of the following shall constitute an Event of Default under this Instrument:

(a) any failure by Borrower to pay or deposit when due any amount required by this Instrument, the Bond Mortgage Note or any other Bond Mortgage Loan Document;

(b) any failure by Borrower to maintain the insurance coverage required by Section 19;

(c) any failure by Borrower to comply with the provisions of Section 33;

(d) fraud or material misrepresentation or material omission by Borrower, any of its officers, directors, trustees, general partners or managers or any guarantor in connection with (i) the application for or creation of the Indebtedness, (ii) any financial statement, rent schedule, or other report or information provided to Lender during the term of the Indebtedness, or (iii) any request for Lender's consent to any proposed action;

(e) any failure by Borrower to comply with the provisions of Section 20;

(f) any Event of Default under Section 16;

(g) the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in Lender's reasonable judgment, could result in a forfeiture of the Mortgaged Property or otherwise materially impair the lien created by this Instrument or Lender's interest in the Mortgaged Property;

(h) any failure by Borrower to perform any of its obligations under this Instrument (other than those specified in Sections 22(a) through (g)), as and when required, which continues for a period of 30 days after Notice of such failure by Lender to Borrower. However, if Borrower's failure to perform its obligations as described in this Section 22(h) is of the nature that it cannot be cured within the 30 day grace period but reasonably could be cured within 90 days, then Borrower shall have additional time as determined by Lender in its discretion, not to exceed an additional 60 days, in which to cure such default, provided that Borrower has diligently commenced to cure such default during the 30-day grace period and diligently pursues the cure of such default. However, no such Notice or grace periods shall apply in the case of any such failure which could, in Lender's judgment, absent immediate exercise by Lender of a right or remedy under this Instrument, result in harm to Lender, impairment of the Bond Mortgage Note or this Instrument or any other security given under any other Bond Mortgage Loan Document;

(i) any failure by Borrower to perform any of its obligations as and when required under any Bond Mortgage Loan Document other than this Instrument which continues beyond the applicable cure period, if any, specified in that Bond Mortgage Loan Document;

(j) any exercise by the holder of any other debt instrument secured by a mortgage, deed of trust or deed to secure debt on the Mortgaged Property of a right to declare all amounts due under that debt instrument immediately due and payable;

(k) any voluntary filing by Borrower for bankruptcy protection under the United States Bankruptcy Code or any reorganization, receivership, insolvency proceeding or other similar proceeding pursuant to any other federal or state law affecting debtor and creditor rights

to which Borrower voluntarily becomes subject, or the commencement of any involuntary case against Borrower by any creditor (other than Lender) of Borrower pursuant to the United States Bankruptcy Code or other federal or state law affecting debtor and creditor rights which case is not dismissed or discharged within 90 days after filing;

(l) any of Borrower's representations and warranties in this Instrument is false or misleading in any material respect;

(m) any Event of Default by the Borrower, or any person or entity acting on behalf of or on the request of Borrower, as defined in the Bonds, the Bond Mortgage Loan Documents or the Indenture; and

(n) any breach of the Regulatory Agreement, by the Borrower or any person or entity acting on behalf of or on the request of Borrower.

23. REMEDIES CUMULATIVE. Each right and remedy provided in this Instrument is distinct from all other rights or remedies under this Instrument, the Bond Mortgage Note or any other Bond Mortgage Loan Document or afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order.

24. FORBEARANCE.

(a) Lender may (but shall not be obligated to) agree with Borrower, from time to time, and without giving notice to, or obtaining the consent of, or having any effect upon the obligations of, any guarantor or other third party obligor, to take any of the following actions: extend the time for payment of all or any part of the Indebtedness; reduce the payments due under this Instrument, the Bond Mortgage Note, or any other Bond Mortgage Loan Document; release anyone liable for the payment of any amounts under this Instrument, the Bond Mortgage Note, or any other Bond Mortgage Loan Document; accept a renewal of the Bond Mortgage Note; modify the terms and time of payment of the Indebtedness; join in any extension or subordination agreement; release any Mortgaged Property; take or release other or additional security; modify the rate of interest or period of amortization of the Bond Mortgage Note or change the amount of the monthly installments payable under the Bond Mortgage Note; and otherwise modify this Instrument, the Bond Mortgage Note, or any other Bond Mortgage Loan Document.

(b) Any forbearance by Lender in exercising any right or remedy under the Bond Mortgage Note, this Instrument, or any other Bond Mortgage Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy, or the subsequent exercise of any right or remedy. The acceptance by Lender of payment of all or any part of the Indebtedness after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments on account of the Indebtedness or to exercise any remedies for any failure to make prompt payment. Enforcement by Lender of any security for the Indebtedness shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right available to Lender. Lender's receipt of any awards or proceeds under Sections 19 and 20 shall not operate to cure or waive any Event of Default.

25. LOAN CHARGES. If any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower is interpreted so that any charge provided for in any Bond Mortgage Loan Document, whether considered separately or together with other charges levied in connection with any other Bond Mortgage Loan Document, violates that law, and Borrower is entitled to the benefit of that law, that charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Lender in excess of the permitted amounts shall be applied by Lender to reduce the principal of the Indebtedness. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Borrower has been violated, all Indebtedness which constitutes interest, as well as all other charges levied in connection with the Indebtedness which constitute interest, shall be deemed to be allocated and spread over the stated term of the Bond Mortgage Note. Unless otherwise required by applicable law, such allocation and spreading shall be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of the Bond Mortgage Note.

26. WAIVER OF STATUTE OF LIMITATIONS. Borrower hereby waives the right to assert any statute of limitations as a bar to the enforcement of the lien of this Instrument or to any action brought to enforce any Bond Mortgage Loan Document.

27. WAIVER OF MARSHALLING. Notwithstanding the existence of any other security interests in the Mortgaged Property held by Lender or by any other party, Lender shall have the right to determine the order in which any or all of the Mortgaged Property shall be subjected to the remedies provided in this Instrument, the Bond Mortgage Note, any other Bond Mortgage Loan Document or applicable law. Lender shall have the right to determine the order in which any or all portions of the Indebtedness are satisfied from the proceeds realized upon the exercise of such remedies. Borrower and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Instrument waives any and all right to require the marshalling of assets or to require that any of the Mortgaged Property be sold in the inverse order of alienation or that any of the Mortgaged Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Instrument.

28. FURTHER ASSURANCES. Borrower shall execute, acknowledge, and deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel certificates, financing statements or amendments, transfers and assurances as Lender may require from time to time in order to better assure, grant, and convey to Lender the rights intended to be granted, now or in the future, to Lender under this Instrument and the Bond Mortgage Loan Documents.

29. ESTOPPEL CERTIFICATE. Within 10 days after a request from Lender, Borrower shall deliver to Lender a written statement, signed and acknowledged by Borrower, certifying to Lender or any person designated by Lender, as of the date of such statement, (i) that the Bond Mortgage Loan Documents are unmodified and in full force and effect (or, if there have been modifications, that the Bond Mortgage Loan Documents are in full force and effect as modified and setting forth such modifications); (ii) the unpaid principal balance of the Bond Mortgage Note; (iii) that Borrower is not in default under the Bond Mortgage Loan Documents (or, if the Borrower is in default, describing such default in reasonable detail); (iv) whether or not there are then existing any setoffs or defenses known to Borrower against the enforcement of any right or remedy of Lender under the Bond Mortgage Loan Documents; and (v) any additional facts requested by Lender.

30. GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE.

(a) This Instrument, and any Bond Mortgage Loan Document which does not itself expressly identify the law that is to apply to it, shall be governed by the laws of the jurisdiction in which the Land is located (the "**Property Jurisdiction**").

(b) Borrower agrees that any controversy arising under or in relation to this Instrument, the Bond Mortgage Note or any other Bond Mortgage Loan Document may be litigated in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have jurisdiction over all controversies that shall arise under or in relation to the Bond Mortgage Note, any security for the Indebtedness, or any other Bond Mortgage Loan Document. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing in this Section 30 is intended to limit Lender's right to bring any suit, action or proceeding relating to matters under this Instrument in any court of any other jurisdiction.

31. NOTICE.

(a) All notices, demands and other communications ("**Notice**") under or concerning this Instrument shall be in writing. Each Notice shall be addressed to the intended recipient at its address set forth in this Instrument, and shall be deemed given on the earliest to occur of (i) the date when the Notice is received by the addressee; (ii) the first Business Day after the Notice is delivered to a recognized overnight courier service, with arrangements made for payment of charges for next Business Day delivery; or (iii) the third Business Day after the Notice is deposited in the United States mail with postage prepaid, certified mail, return receipt requested.

(b) Any party to this Instrument may change the address to which Notices intended for it are to be directed by means of Notice given to the other party in accordance with this Section 31. Each party agrees that it will not refuse or reject delivery of any Notice given in accordance with this Section 31, that it will acknowledge, in writing, the receipt of any Notice upon request by the other party and that any Notice rejected or refused by it shall be deemed for purposes of this Section 31 to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

(c) Any Notice under the Bond Mortgage Note and any other Bond Mortgage Loan Document that does not specify how Notices are to be given shall be given in accordance with this Section 31.

32. SALE OF BOND MORTGAGE NOTE. The Bond Mortgage Note or a partial interest in the Bond Mortgage Note (together with this Instrument and the other Bond Mortgage Loan Documents) may be sold one or more times without prior Notice to Borrower.

33. SINGLE ASSET BORROWER. Until the Indebtedness is paid in full or otherwise discharged, Borrower (a) shall not own any real or personal property other than the Mortgaged Property and personal property related to the operation and maintenance of the Mortgaged Property; (b) shall not operate any business other than the management and operation of the Mortgaged Property; and (c) shall not maintain its assets in a way difficult to segregate and identify.

34. SUCCESSORS AND ASSIGNS BOUND. This Instrument shall bind, and the rights granted by this Instrument shall inure to, the respective successors and assigns of Lender and Borrower.

35. JOINT AND SEVERAL LIABILITY. If more than one person or entity signs this Instrument as Borrower, the obligations of such persons and entities shall be joint and several.

36. RELATIONSHIP OF PARTIES; NO THIRD PARTY BENEFICIARY.

(a) The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Instrument shall create any other relationship between Lender and Borrower.

(b) No creditor of any party to this Instrument (other than the Credit Facility Provider) and no other person shall be a third party beneficiary of this Instrument or any other Bond Mortgage Loan Document.

37. SEVERABILITY; AMENDMENTS. The invalidity or unenforceability of any provision of this Instrument shall not affect the validity or enforceability of any other provision, and all other provisions shall remain in full force and effect. This Instrument contains the entire agreement among the parties as to the rights granted and the obligations assumed in this Instrument. This Instrument may not be amended or modified except by a writing signed by the party against whom enforcement is sought.

38. CONSTRUCTION. The captions and headings of the Sections of this Instrument are for convenience only and shall be disregarded in construing this Instrument. Any reference in this Instrument to an "Exhibit" or a "Section" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit attached to this Instrument or to a Section of this Instrument. All Exhibits attached to or referred to in this Instrument are incorporated by reference into this Instrument. Any reference in this Instrument to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time. Use of the singular in this Agreement includes the plural and use of the plural includes the singular. As used in this Instrument, the term "including" means "including, but not limited to."

39. DISCLOSURE OF INFORMATION. Lender may furnish information regarding Borrower or the Mortgaged Property to third parties with an existing or prospective interest in the servicing, enforcement, evaluation, performance, purchase or securitization of the Indebtedness, including but not limited to trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of multifamily mortgage loans, as well as governmental regulatory agencies having regulatory authority over Lender. Borrower irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including but not limited to any right of privacy.

40. NO CHANGE IN FACTS OR CIRCUMSTANCES. Borrower warrants that (a) all information in the application for the loan submitted to Lender (the "**Loan Application**") and in all financial statements, rent schedules, reports, certificates and other documents submitted in connection with the Loan Application are complete and accurate in all material respects; and (b) there has been no material adverse change in any fact or circumstance that would make any such information incomplete or inaccurate.

41. SUBROGATION. If, and to the extent that, the proceeds of the loan evidenced by the Bond Mortgage Note, or subsequent advances under Section 12, are used to pay, satisfy or discharge any obligation of Borrower for the payment of money that is secured by a pre-existing mortgage, deed of trust or other lien encumbering the Mortgaged Property (a "**Prior Lien**"), such loan proceeds or advances shall be deemed to have been advanced by Lender at Borrower's request, and Lender shall automatically, and without further action on its part, be subrogated to the rights, including lien priority, of the owner or holder of the obligation secured by the Prior Lien, whether or not the Prior Lien is released.

42. MISCELLANEOUS. Notwithstanding anything in this Instrument or any other Bond Mortgage Loan Document to the contrary, for so long as a Credit Facility is in effect, the Lender acknowledges and consents to the lien of the Reimbursement Mortgage and security interests granted or created therein, recognizes that the Borrower may be required to provide certain notices, books, records, documents or other information to the Credit Facility Provider which are duplicative of requirements contained in this Instrument, and agrees that to the extent the Borrower is in compliance with such requirements then compliance with like terms in this Instrument shall be deemed satisfied despite the fact that such notices, books, records, documents or other information are not delivered to the Lender. Moreover, all consents and approvals to be provided hereunder by the Lender shall be deemed to have been given if a similar request for consent or approval is to be made to the Credit Facility Provider and the Credit Facility Provider gives its consent or approval as requested.

[END OF UNIFORM COVENANTS; STATE-SPECIFIC PROVISIONS FOLLOW]

43. ACCELERATION; REMEDIES. At any time during the existence of an Event of Default, Lender, at Lender's option, may declare the Indebtedness to be immediately due and payable without further demand, and may invoke the power of sale and any other remedies permitted by Texas law or provided in this Instrument or in any other Loan Document. Borrower acknowledges that the power of sale granted in this Instrument may be exercised by Lender without prior judicial hearing. Lender shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including attorneys' fees, costs of documentary evidence, abstracts and title reports.

(a) If Lender invokes the power of sale, Lender may, by and through the Trustee, or otherwise, sell or offer for sale the Mortgaged Property in such portions, order and parcels as Lender may determine, with or without having first taken possession of the Mortgaged Property, to the highest bidder for cash at public auction. Such sale shall be made at the courthouse door of the county in which all or any part of the Land to be sold is situated (whether the parts or parcel, if any, situated in different counties are contiguous or not, and without the necessity of having any Personalty present at such sale) on the first Tuesday of any month between the hours of 10:00 a.m. and 4:00 p.m., after advertising the time, place and terms of sale and that portion of the Mortgaged Property to be sold by posting or causing to be posted written or printed notice of sale at least twenty-one (21) days before the date of the sale at the courthouse door of the county in which the sale is to be made and at the courthouse door of any other county in which a portion of the Land may be situated, and by filing such notice with the County Clerk(s) of the county(s) in which all or a portion of the Land may be situated, which notice may be posted and filed by

the Trustee acting, or by any person acting for the Trustee, and Lender has, at least twenty-one (21) days before the date of the sale, served written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the Indebtedness according to Lender's records by the deposit of such notice, enclosed in a postpaid wrapper, properly addressed to such debtor at debtor's most recent address as shown by Lender's records, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be *prima facie* evidence of the fact of service.

(b) Trustee shall deliver to the purchaser at the sale, within a reasonable time after the sale, a deed conveying the Mortgaged Property so sold in fee simple with covenants of general warranty. Borrower covenants and agrees to defend generally the purchaser's title to the Mortgaged Property against all claims and demands. The recitals in Trustee's deed shall be *prima facie* evidence of the truth of the statements contained in those recitals. Trustee shall apply the proceeds of the sale in the following order: (i) to all reasonable costs and expenses of the sale, including reasonable Trustee's fees not to exceed 5% of the gross sales price, attorneys' fees and costs of title evidence; (ii) to the Indebtedness in such order as Lender, in Lender's discretion, directs; and (iii) the excess, if any, to the person or persons legally entitled to the excess.

(c) If all or any part of the Mortgaged Property is sold pursuant to this Section 43, Borrower will be divested of any and all interest and claim to the Mortgaged Property, including any interest or claim to all insurance policies, utility deposits, bonds, loan commitments and other intangible property included as a part of the Mortgaged Property. Additionally, after a sale of all or any part of the Land, Improvements, Fixtures and Personalty, Borrower will be considered a tenant at sufferance of the purchaser of the same, and the purchaser shall be entitled to immediate possession of such property. If Borrower shall fail to vacate the Mortgaged Property immediately, the purchaser may and shall have the right, without further notice to Borrower, to go into any justice court in any precinct or county in which the Mortgaged Property is located and file an action in forcible entry and detainer, which action shall lie against Borrower or its assigns or legal representatives, as a tenant at sufferance. This remedy is cumulative of any and all remedies the purchaser may have under this Instrument or otherwise.

(d) In any action for a deficiency after a foreclosure under this Instrument, if any person against whom recovery is sought requests the court in which the action is pending to determine the fair market value of the Mortgaged Property, as of the date of the foreclosure sale, the following shall be the basis of the court's determination of fair market value:

(i) the Mortgaged Property shall be valued "as is" and in its condition as of the date of foreclosure, and no assumption of increased value because of post-foreclosure repairs, refurbishment, restorations or improvements shall be made;

(ii) any adverse effect on the marketability of title because of the foreclosure or because of any other title condition not existing as of the date of this Instrument shall be considered;

(iii) the valuation of the Mortgaged Property shall be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Mortgaged Property for cash within a six month-period after foreclosure;

(iv) although the Mortgaged Property may be disposed of more quickly by the foreclosure purchaser, the gross valuation of the Mortgaged Property as of the date of foreclosure shall be discounted for a hypothetical reasonable holding period (not to exceed 6 months) at a monthly rate equal to the average monthly interest rate on the Bonds for the twelve months before the date of foreclosure;

(v) the gross valuation of the Mortgaged Property as of the date of foreclosure shall be further discounted and reduced by reasonable estimated costs of disposition, including brokerage commissions, title policy premiums, environmental assessment and clean-up costs, tax and assessment, prorations, costs to comply with legal requirements and attorneys' fees;

(vi) expert opinion testimony shall be considered only from a licensed appraiser certified by the State of Texas and, to the extent permitted under Texas law, a member of the Appraisal Institute, having at least five years' experience in appraising property similar to the Mortgaged Property in the county where the Mortgaged Property is located, and who has conducted and prepared a complete written appraisal of the Mortgaged Property taking into considerations the factors set forth in this Instrument; no expert opinion testimony shall be considered without such written appraisal;

(vii) evidence of comparable sales shall be considered only if also included in the expert opinion testimony and written appraisal referred to in subsection (vi), above; and

(viii) an affidavit executed by Lender to the effect that the foreclosure bid accepted by Trustee was equal to or greater than the value of the Mortgaged Property determined by Lender based upon the factors and methods set forth in subsections (i) through (vii) above before the foreclosure shall constitute *prima facie* evidence that the foreclosure bid was equal to or greater than the fair market value of the Mortgaged Property on the foreclosure date.

(e) Lender may, at Lender's option, comply with these provisions in the manner permitted or required by Title 5, Section 51.002 of the Texas Property Code (relating to the sale

of real estate) or by Chapter 9 of the Texas Business and Commerce Code (relating to the sale of collateral after default by a debtor), as those titles and chapters now exist or may be amended or succeeded in the future, or by any other present or future articles or enactments relating to same subject. Unless expressly excluded, the Mortgaged Property shall include Rents collected before a foreclosure sale, but attributable to the period following the foreclosure sale, and Borrower shall pay such Rents to the purchaser at such sale. At any such sale:

(i) whether made under the power contained in this Instrument, Section 51.002 of the Texas Property Code, Chapter 9 of the Texas Business and Commerce Code, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have physically present, or to have constructive possession of, the Mortgaged Property (Borrower shall deliver to Trustee any portion of the Mortgaged Property not actually or constructively possessed by Trustee immediately upon demand by Trustee) and the title to and right of possession of any such property shall pass to the purchaser as completely as if the property had been actually present and delivered to the purchaser at the sale;

(ii) each instrument of conveyance executed by Trustee shall contain a general warranty of title, binding upon Borrower;

(iii) the recitals contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited in the Instrument, including nonpayment of the Indebtedness and the advertisement and conduct of the sale in the manner provided in this Instrument and otherwise by law and the appointment of any successor Trustee;

(iv) all prerequisites to the validity of the sale shall be conclusively presumed to have been satisfied;

(v) the receipt of Trustee or of such other party or officer making the sale shall be sufficient to discharge to the purchaser or purchasers for such purchaser(s)' purchase money, and no such purchaser or purchasers, or such purchaser(s)' assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication of such purchase money;

(vi) to the fullest extent permitted by law, Borrower shall be completely and irrevocably divested of all of Borrower's right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold, and such sale shall be a perpetual bar to any claim to all or any part of the

property sold, both at law and in equity, against Borrower and against any person claiming by, through or under Borrower; and

(vii) to the extent and under such circumstances as are permitted by law, Lender may be a purchaser at any such sale.

44. RELEASE. Upon the payment in full of the Indebtedness and termination of the Credit Enhancement Agreement and the Reimbursement Agreement, Lender shall release this Instrument. Borrower shall pay Lender's reasonable costs incurred in releasing this Instrument.

45. TRUSTEE.

(a) Trustee may resign by giving of notice of such resignation in writing to Lender. If Trustee shall die, resign or become disqualified from acting under this Instrument or shall fail or refuse to act in accordance with this Instrument when requested by Lender or if for any reason and without cause Lender shall prefer to appoint a substitute trustee to act instead of the original Trustee named in this Instrument or any prior successor or substitute trustee, Lender shall have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estate, rights, powers and duties of the original Trustee named in this Instrument. Such appointment may be executed by an authorized officer, agent or attorney-in-fact of Lender (whether acting pursuant to a power of attorney or otherwise), and such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by Lender.

(b) Any successor Trustee appointed pursuant to this Section shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of the predecessor Trustee with like effect as if originally named as Trustee in this Instrument; but, nevertheless, upon the written request of Lender or such successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and monies held by the Trustee ceasing to act to the successor Trustee.

(c) Trustee may authorize one or more parties to act on Trustee's behalf to perform the ministerial functions required of Trustee under this Instrument, including the transmittal and posting of any notices.

46. INTENTIONALLY DELETED.

47. NO FIDUCIARY DUTY. Lender owes no fiduciary or other special duty to Borrower.

48. FIXTURE FILING. This Instrument is also a fixture filing under the Uniform Commercial Code of Texas.

49. ADDITIONAL PROVISIONS REGARDING ASSIGNMENT OF RENTS. Section 3 shall not be construed to require a *pro tanto* or other reduction of the Indebtedness resulting from the assignment of Rents. If the provisions of Section 3 and the preceding sentence cause the assignment of Rents in Section 3 to be deemed to be an assignment for additional security only, Lender shall be entitled to all rights, benefits and remedies attendant to such collateral assignment. The assignment of Rents contained in Section 3 shall terminate upon the release of this Instrument.

50. LOAN CHARGES. Borrower and Lender intend at all times to comply with the laws of the State of Texas governing the maximum rate or amount of interest payable on or in connection with the Indebtedness (or applicable United States federal law to the extent that it permits Lender to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount payable under the Reimbursement Agreement, this Instrument or any other Loan Document, or contracted for, charged, taken, reserved or received with respect to the Indebtedness, or if acceleration of the maturity of the Indebtedness, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by any applicable law, then Borrower and Lender expressly intend that all excess amounts collected by Lender shall be applied to reduce the unpaid principal balance of the Indebtedness (or, if the Indebtedness has been or would thereby be paid in full, shall be refunded to Borrower), and the provisions of the Reimbursement Agreement, this Instrument and the other Loan Documents immediately shall be deemed reformed and the amounts thereafter collectible under the Loan Documents reduced, without the necessity of the execution of any new documents, so as to comply with any applicable law, but so as to permit the recovery of the fullest amount otherwise payable under the Loan Documents. The right to accelerate the maturity of the Indebtedness does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Lender does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of the Indebtedness shall, to the extent permitted by any applicable law, be amortized, prorated, allocated and spread throughout the full term of the Indebtedness until payment in full so that the rate or amount of interest on account of the Indebtedness does not exceed the applicable usury ceiling. Notwithstanding any provision contained in the Reimbursement Agreement, this Instrument or any other Loan Document that permits the compounding of interest, including any provision by which any accrued interest is added to the principal amount of the Indebtedness, the total amount of interest that Borrower is obligated to pay and Lender is entitled to receive with respect to the Indebtedness shall not exceed the amount calculated on a simple (i.e., noncompounded) interest basis at the maximum rate on principal amounts actually advanced to or for the account of Borrower, including all current and prior advances and any advances made pursuant to the Instrument or any other Loan Document (such as for the payment of Impositions and similar expenses or costs).

51. ENTIRE AGREEMENT. THIS INSTRUMENT, THE REIMBURSEMENT AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL

AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

52. WAIVER OF TRIAL BY JURY. BORROWER AND LENDER EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS INSTRUMENT OR THE RELATIONSHIP BETWEEN THE PARTIES AS BORROWER AND LENDER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY *WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.*

53. CONSENT TO EXISTING LIENS. Notwithstanding anything in this Instrument to the contrary, the Lender hereby acknowledges and consents to the lien and security interests granted or created in connection with the Reimbursement Mortgage.

54. VARIABLE RATE NOTE. The Bond Mortgage Note is subject to interest rate adjustment from time to time, as provided therein

ATTACHED EXHIBITS. The following Exhibits are attached to this Instrument:

[X]	Exhibit A	Description of the Land (required).
[X]	Exhibit B	Modifications to Instrument

[THE REST OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Borrower has signed and delivered this Instrument or has caused this Instrument to be signed and delivered by its duly authorized representative.

MARSHALL AFFORDABLE PARTNERS, LTD., an Alabama limited partnership

By: Marshall GP, LLC, an Alabama limited liability company, its sole General Partner

By:_____
Its:_____

STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on _____ (date) by _____, the _____ of Marshall GP, LLC, an Alabama limited liability company, the sole general partner of Marshall Affordable Partners, Ltd., an Alabama limited partnership, on behalf of said limited partnership.

_____
Notary Public
Printed Name: _____
My Commission Expires:
_____

EXHIBIT A

[DESCRIPTION OF THE LAND]

EXHIBIT B

MODIFICATIONS TO REIMBURSEMENT SECURITY INSTRUMENT
(Tax Credit Properties)

(FOR USE WITH BOND ENHANCEMENTS - REVISION DATE 7-7-2009)

The following modifications are made to the text of the Instrument that precedes this Exhibit:

1. Definitions. The following terms shall be added to Section 1 (Definitions) of the Instrument:

   (a) **"Agency"** means the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, in its capacity as the designated agency of the Property Jurisdiction to allocate Tax Credits, acting through any authorized representative.

   (b) **"Borrower GP/Manager"** means individually and collectively the managing general partner(s), managing member(s) or controlling shareholder(s) of Borrower.

   (c) **"Borrower GP/Manager Principal"** means _____.

   (d) **"Code"** means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

   (e) **"Equity Investor"** means _____.

   (f) **"Equity Investor GP/Manager"** means individually and collectively the managing general partner(s), managing member(s) or controlling shareholder(s) of the Equity Investor.

   (g) **"Guide"** means, individually or collectively, as applicable, the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide and/or the Freddie Mac Multifamily Seller/Servicer Guide, as applicable, as the same may be amended, modified or supplemented from time to time.

   (h) **"Operating Agreement"** means that certain _____ of Borrower dated as of _____, as amended from time to time.

   (i) **"Tax Credit Regulatory Agreement"** means the extended low-income housing commitment, regulatory agreement or restrictive covenants executed or to be executed by Borrower and the Agency and properly recorded in the appropriate land records for the Property Jurisdiction,

setting forth certain terms and conditions under which the Mortgaged Property is to be operated and which shall meet the requirements of Code Section 42(h)(6)(B).

(j) **"Tax Credits"** means the low-income housing tax credits allocated by the Agency pursuant to Section 42 of the Code.

2. Intentionally Omitted.

3. Events of Default. Section 22(h) is amended to read as follows:

(h) any failure by Borrower to perform any of its obligations under this Instrument (other than those specified in Sections 22(a) through (g)), as and when required, which continues for a period of 30 days after Notice of such failure by Lender (A) to Borrower, and (B) as long as the Equity Investor is a Controlling Entity in Borrower, to the Equity Investor. However, if Borrower's failure to perform its obligations as described in this Section 22(h) is of the nature that it cannot be cured within the thirty (30) day grace period but reasonably could be cured within 90 days, then Borrower and/or Equity Investor shall have additional time as determined by Lender in its discretion, not to exceed an additional 60 days, in which to cure such default, provided that Borrower and/or Equity Investor has diligently commenced to cure such default during the 30-day grace period and diligently pursues the cure of such default. However, no such notice or grace period shall apply in the case of any such failure which could, in Lender's judgment, absent immediate exercise by Lender of a right or remedy under this Instrument, result in harm to Lender, impairment of the Lender's rights and remedies under the Reimbursement Agreement or this Instrument or any other security given under any other Loan Document;

4. Notice. Section 31 is amended to add the following new Section 31(d):

(d) Lender agrees that, as long as the Equity Investor is a Controlling Entity in Borrower, effective notice to Borrower under this Instrument, the Reimbursement Agreement and the other Loan Documents shall require delivery of a copy of such notice to the Equity Investor. Such notice shall be given in the manner provided in this Section, at the Equity Investor's address set forth below:

_____

_____

_____

The Equity Investor may change the address to which notices intended for it are to be directed by means of notice given to Lender in accordance with this Section 31.

5. The following new Sections are added to the Instrument after the last numbered Section:

55. TAX CREDIT REGULATORY AGREEMENT. Lender agrees that, so long as and only if, the Tax Credit Regulatory Agreement recorded against the Mortgaged Property, by its terms, terminates upon foreclosure under this Instrument or upon a transfer of the Mortgaged Property by instrument in lieu of foreclosure, in accordance with Code Section 42(h)(6)(E), the lien of this Instrument shall be subordinate to such Tax Credit Regulatory Agreement, regardless of the order of recording of either document.

56. ANNUAL TAX CREDIT REPORTING REQUIREMENTS. Borrower must submit to Lender, each year at the time of annual submission of Borrower's financial analysis of operations, a copy of the following sections of Borrower's federal tax return: Internal Revenue Forms 1065, 8586, 8609 and Form 8609, Schedule A, which must reflect the total Tax Credits allocated to the Mortgaged Property and the Tax Credits claimed for the Mortgaged Property in the preceding year.

57. CROSS-DEFAULT. Borrower acknowledges and agrees that any default, event of default, or breach (however such terms may be defined) after the expiration of any applicable notice and/or cure periods under the Tax Credit Regulatory Agreement shall be an Event of Default under this Instrument and that any costs, damages or other amounts, including reasonable attorney's fees incurred by the Lender as a result of such an Event of Default by Borrower, including amounts paid to cure any default or event of default, under the Tax Credit Regulatory Agreement shall be an obligation of Borrower and become a part of the Indebtedness secured by this Instrument.

58. ANNUAL COMPLIANCE. Borrower shall submit to Lender on an annual basis, evidence that the Mortgaged Property is in ongoing compliance with all income, occupancy and rent restrictions under the Tax Credit Regulatory Agreement relating to the Mortgaged Property. Such submissions to Lender shall be made contemporaneously with the submission of reports to the Agency as required under the Tax Credit Regulatory Agreement.

6. Capitalized Terms. All capitalized terms used in this Exhibit not specifically defined herein shall have the meanings set forth in the text of the Instrument that precedes this Exhibit.

PFM®
The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

Suite 1500
700 Lavaca
Austin, TX
78701-3106

512 472-7194
512 472-0932 Fax
www.pfm.com

February 23, 2011

Memorandum

To: David Potter

From: Dennis Waley

Re: Marshall Apartments Project

PFM has reviewed the financial and marketing aspects of the proposed financing for the Marshall Apartments Project. The project will be financed through a Bond Mortgage Loan, whereby Marshall Affordable Partners, Ltd., will be the borrower of the Multifamily Housing Revenue Bonds. The bonds will be sold through Merchant Capital L.L.C. Upon review of the financing documents, I would like to point out the following:

- The financing consists of approximate $5,000,000 tax-exempt variable rate bonds with a credit facility provided by Freddie Mac. The bonds can be converted to a fixed rate at a future date. In addition, the City of Austin will provide $2,500,000 in assistance from general obligation bond proceeds.

- The bonds are solely payable from the trust estate and not a liability of the City of Austin.

- The cash flow projections anticipate debt service coverage of 1.20x for the first year, which is sufficient. In year 7 the coverage meets the optimal level of 1.25x and remains at or above this level for the life of the bonds.

- The income set aside requirement will be met with 40% of the units being occupied by persons at 60% or less of the median gross income level for the area in which the Project is located.

- The proposed use of bond funds is broken down with 54.70% representing the acquisition price, 23.57% for improvements, 3.03% for bond issuance costs and 18.70% for resident relocation reserves, fees, reserves and soft costs.

- The bond issuance cost is not separated by underwriters discount and traditional costs of issuance, but the total cost of issuance is consistent with recently completed transactions by AHFC.

I hope this information will aide in your own analysis of this project. If you need further information, or have any questions please give me a call. As always we appreciate the opportunity to participate in this review.

AUSTIN HOUSING
FINANCE CORPORATION

RBA: Approve AHFC Identity Theft Program Guidelines **AGENDA ITEM NO: 3**
CITY OF AUSTIN **AGENDA DATE: 03/03/2011**
RECOMMENDATION FOR BOARD ACTION **PAGE: 1 OF 1**

SUBJECT: Approve a resolution authorizing the adoption and implementation of a Customer Privacy Assurance Program for the Austin Housing Finance Corporation.

AMOUNT & SOURCE OF FUNDING:

FISCAL NOTE: *There is no unanticipated fiscal impact. A fiscal note is not required.*

REQUESTING DEPARTMENT: Austin Housing Finance Corporation

FOR MORE INFORMATION CONTACT: Elizabeth A. Spencer, Treasurer, Austin Housing Finance Corporation, 974-3182.

PRIOR BOARD ACTION:

PRIOR COUNCIL ACTION:

By this action, the Board of Directors adopts a resolution authorizing the Austin Housing Finance Corporation (AHFC) to implement a formal Customer Privacy Assurance Program to ensure the protection of consumer data and prevent identity theft.

The purpose of this program is to protect confidential information supplied by applicants to AHFC programs. Adoption will bring the AHFC into compliance with the federal Fair and Accurate Credit Transaction Act (FACTA).

FACTA requires businesses and organizations utilizing personal consumer data to implement a written identity theft prevention program which will assist the organization in detecting warning signs or "red flags" of identity theft in day-to-day operation, take steps to prevent such crimes, and control the resulting damage.

Approval of this resolution will allow the AHFC's identity theft prevention program to take effect immediately.

RESOLUTION No. AHFC _____ - __

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF

THE AUSTIN HOUSING FINANCE CORPORATION:

WHEREAS, the Austin Housing Finance Corporation (AHFC) is a public non-profit corporation organized and operated under Chapter 394 of the Texas Local Government Code;

WHEREAS, AHFC has certain programs with specific eligibility requirements which provide loans to or on behalf of eligible persons, in order to promote safe, decent and affordable housing in the City of Austin. Any remaining balance existing on the maturity date of a loan is payable to AHFC on the loan's maturity date. These deferred payment loans qualify AHFC as a "creditor" under the Fair and Accurate Credit Transactions Act of 2003 ("FACTA");

WHEREAS, FACTA was enacted for the purpose of ensuring the preservation and protection of customer information by entities who possess such data for the purposes of billing for goods and services and extending lines of credit;

WHEREAS, the "Customer Privacy Assurance Program" contained within Exhibit "A" attached to this resolution represents AHFC's effort to ensure that all consumer data is comprehensively protected.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUSTIN HOUSING FINANCE CORPORATION:

The attached "Customer Privacy Assurance Program" of the Austin Housing Finance Corporation attached as Exhibit "A" is approved and adopted.

ADOPTED: _____, 2011 **ATTESTED:** _____

Shirley A. Gentry
Secretary

Exhibit "A"

Austin Housing Finance Corporation

Customer Privacy Assurance Program

OVERVIEW

Section 1: Program Overview

1.1: Purpose

The purpose of this program is to ensure the protection of consumer data and prevent identity theft. The Austin Housing Finance Corporation (AHFC) is committed to ensuring that no theft of customer information or other confidentiality breach occurs. If a breach does occur, AHFC will have policies and procedures in place to effectively address the issue with minimal inconvenience to the customer. The primary goal of this policy is to fuse existing policies, standard operating procedures and best practices in data protection in order to effectively address the purposes identified.

1.2: Scope

This program and companion policy applies to any individual or entity with an affiliation, direct or indirect, to AHFC. Affiliations with AHFC include, but are not limited to, employees (all classifications), contractors, vendors, customers or any other individual, entity, or agency using AHFC customer data for any purpose.

1.3: Administration

The Customer Privacy Assurance Program is administered by a Privacy Officer appointed by AHFC's General Manager. The Privacy Officer works with AHFC staff to ensure that this policy is uniformly implemented. These responsibilities may be delegated to a designee of the Privacy Officer.

1.4: Training

Any employee, vendor, contractor or other affiliate with access to AHFC customer information must be thoroughly trained. AHFC Privacy Officer is responsible for developing, implementing and revising standardized training courses which will be in full compliance with all relevant legislation. Foundational training standards will be established by the Privacy Officer.

1.5: Documentation

Each AHFC division is responsible for ensuring that all major identify theft events, as well as appropriate mitigation and resolution actions taken, are thoroughly documented on the appropriate logs and/or forms discussed in the "FACT Act Compliance Policies and Procedures".

1.6: Internal Reporting

The Privacy Officer will prepare an annual report of all major identity theft events, mitigations and resolution actions for the General Manager. Material changes made to the program as well as a statement of its overall effectiveness are also included in this report.

1.7: Reports to Consumer Reporting Agencies

In order to protect the privacy of AHFC's customers, information released to any external source regarding identity information must be limited. AHFC will provide notices of confirmed address updates to any Consumer Reporting Agency upon written request.

1.8: Program Review and Revision

The Privacy Officer meets semi-annually to review the status of the program and any corresponding policies. Members of AHFC's staff may solicit feedback from AHFC leadership and staff on key aspects of the policy which require revision. Recommendations for change are then made by AHFC staff to the Privacy Officer who must approve all revisions to the program and appropriate policies and procedures.

Section 2: Red Flags, Mitigation and Resolution

2.1: Overview of Identity Theft Red Flags

The Customer Privacy Assurance Program, and ancillary policies and procedures, are designed to detect, deter and prevent unauthorized access to consumer information and malicious account activity which might lead to identity theft. The following information discusses the specific "Red Flags" that agency policy addresses. A summary of actions to mitigate identify theft and resolve occurring incidents is also discussed.

2.2: Information from Consumer Reporting Agencies

AHFC may verify AHFC customer name(s) and demographic information using information from Consumer Reporting Agencies and third party sources as part of the new account establishment process. Information is obtained to verify the identity of a customer only.

Red Flag Warnings

1. A fraud or active duty alert is included with a consumer report.
2. A Consumer Reporting Agency provides a credit freeze on the customer report.
3. A Consumer Reporting Agency provides a notice of address discrepancy.
4. A consumer report indicates a pattern of activity that is inconsistent with the history and usual activity of a customer.

Summary of Mitigation

In order to mitigate possible identity theft under the provisions of these red flag warnings, AHFC will attempt to make contact with the customer and request additional documentation which substantiates identity prior to establishing a new account for the customer.

Summary of Resolution

If a customer or consumer reporting agency contacts AHFC concerning any of the possible warnings listed above, AHFC staff will verify the customer's identity and direct them to in-person service as necessary.

2.3: Suspicious Documents

During the application process, all customers for AHFC services or programs are required to produce certain standard types of documents in order to establish identity, residency and eligibility for the particular AHFC program being pursued. All identification documents must be unexpired.

Red Flag Warnings

1. Identification documents appear altered or forged.
2. The photo or physical description on the identification documents is not consistent with the appearance of the customer.
3. Other information given to open the account is not consistent with the identification documents provided by the customer.
4. Other information on identification documents is not consistent with readily accessible information on file such as signature or recent check
5. An application and/or supporting documentation appear to have been altered or forged, or give the appearances of having been destroyed or reassembled.

Summary of Mitigation

In order to mitigate the theft of a customer's identity under the possible red flag warnings defined in this section, AHFC staff will request additional documentation which can verify a customer's identity. If a customer is unable to produce additional documentation that verifies the customer's identity, no service, program or customer information may be established, modified or provided.

Summary or Resolution

If possibly fraudulent identification/documentation is submitted, AHFC staff will be trained on appropriate follow-up procedure. In certain cases, law enforcement may be contacted.

2.4: Suspicious Personal Identification (ID) Information

In addition to the physical documents required to establish an account for an AHFC service or program or to make changes to customer information, the following steps outline the process for addressing inconsistencies in the information submitted for the same purposes.

Red Flag Warnings

1. Personal ID is inconsistent with external information sources: addresses do not match consumer report/or social security number (SSN) has not been issued or is listed on the Social Security Death Master File [
2. Personal ID given by customer is not consistent with other personal ID info. (i.e.: There is a lack of correlation between the SSN range and DOB.)
3. Personal ID provided is associated with known fraudulent activity. Using the same addresses and/or phone number.
4. Personal ID is of the same type associated with fraudulent activity: fictitious address, mail box drop, or a prison; or phone number is invalid; it is associated with a pager or answering service.
5. The SSN is the same as customers opening other accounts.

6. The address or phone number is the same as a large number of other customers.
7. The customer fails to provide all needed personal ID information upon request.
8. Personal ID is inconsistent with utility records.
9. For institutions using challenge questions, the person attempting to access or open the account cannot provide any information beyond what would typically be found in a wallet or consumer report.

Summary of Mitigation

In order to mitigate the theft of a customer's identity under these possible red flag warnings, every effort is made to thoroughly and accurately confirm all information submitted. AHFC staff may request additional documentation which verifies the information provided by the customer. If a customer is unable to produce additional documentation that verifies the customer's identity, no program, service or customer account may be established or modified.

Summary of Resolution

If an identity theft event relating to one of the above listed red flag warnings does occur, specially trained AHFC staff will work with the customer to verify the accuracy of any identification information which AHFC has on file. In the event that a staff member suspects fraudulent information is being presented, AHFC may contact law enforcement if necessary.

2.5: Unusual Use or Suspicious Activity Related to the Covered Account

This section covers actions on existing accounts which may be considered fraudulent or malicious.

Red Flag Warnings

1. Change of billing address is followed by request for multiple changes to the account.
2. Payments are made in a manner associated with fraud. For example, deposit or initial payment is made and no payments are made thereafter.
3. Existing account with a stable history shows irregularities.
4. A covered account that has been inactive for a lengthy period of time is suddenly used.
5. Mail sent to customer is repeatedly returned.
6. Customer notifies utility that they are not receiving their bill.
7. AHFC is notified of unauthorized charges or transactions in connection with a customer's account.

Summary of Mitigation

AHFC staff is trained to notice possible irregularities in account information both on new and existing accounts. Addresses and identifying information are verified each time a customer contacts AHFC for any inquires or modifications to their account.

Summary of Resolution

If suspicious activity is reported by a customer, AHFC staff, or an outside entity, AHFC will immediately investigate the incident. Service on accounts with fraudulent activity will be immediately suspended until the investigation is fully resolved.

2.6: Notice of Theft

If AHFC is notified by law enforcement or other governmental agency that a fraudulent account has been opened or other malicious activity has occurred, staff should immediately take steps to comply with the orders of law enforcement.

Red Flag Warning
AHFC is notified by law officials or others, that it has opened a fraudulent account for a person engaged in identity theft.

Summary of Mitigation
If AHFC receives notification from law enforcement that it has opened a fraudulent account, service to the account will be suspended during investigation, and may ultimately be terminated.

Summary of Resolution
AHFC will comply with all orders and directions given by law enforcement.