

BOND PURCHASE AGREEMENT

\$ _____ AUSTIN HOUSING FINANCE CORPORATION MULTIFAMILY HOUSING REVENUE BONDS (ALDRICH 51 APARTMENTS) SERIES 2015

_____, 2015

Austin Housing Finance Corporation
1000 E. 11th Street
Austin, Texas 78702

Ladies and Gentlemen:

JPMorgan Chase Bank, N.A., a national banking association (the “*Purchaser*”), offers to enter into the following agreement with Austin Housing Finance Corporation, a housing finance corporation duly organized and existing under the laws of the State of Texas (the “*Issuer*”), and Austin DMA Housing II, LLC, a Texas limited liability company (the “*Borrower*”), which, upon acceptance, will be binding upon the Issuer, the Borrower and the Purchaser. This offer is made subject to your acceptance of this Bond Purchase Agreement (this “*Bond Purchase Agreement*”) on or before 5:00 p.m., Central Time, on the date hereof. Reference is made to the Trust Indenture, dated as of _____ 1, 2015 (the “*Indenture*”), between the Issuer and BOKF, NA d/b/a Bank of Texas, as trustee (the “*Trustee*”) and the Loan Agreement dated as of _____ 1, 2015 (the “*Loan Agreement*”) by and among the Issuer, the Purchaser, as Bondholder Representative and the Borrower. All capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture and Loan Agreement.

SECTION 1. PURCHASE, SALE AND DELIVERY OF THE BONDS

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, in the Indenture and in the Loan Agreement, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby proposes to issue and agrees to sell to the Purchaser, the Issuer’s Multifamily Housing Revenue Bonds (Aldrich 51 Apartments) Series 2015 (the “*Bonds*”). Subject to the further conditions set forth in this Bond Purchase Agreement, the purchase price of the Bonds shall be advanced by the Purchaser on the Closing Date (as defined herein). The Bonds shall bear interest at the interest rate determined pursuant to the Indenture, and the purchase price thereof shall be advanced by the Purchaser on the Closing Date to the Trustee for the account of the Issuer at a price equal to par.

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable and subject to redemption as provided in, the Indenture. The final terms and conditions of the Indenture shall be subject to the approval of the Issuer and the Purchaser, and the obligations of the Issuer and the Purchaser thereunder and

under this Purchase Agreement are expressly conditioned upon such approval. The issuance of the Bonds is authorized pursuant to the provisions of the Texas Housing Finance Corporation's Act, Chapter 394, Texas Local Government Code, as amended (the "*Act*"). The Bonds will be limited obligations of the Issuer payable solely from the Trust Estate. Proceeds of the sale of the Bonds will be used by the Issuer in accordance with the Indenture, the Loan Agreement and the Act to fund one or more loans to the Borrower in accordance with the terms of the Loan Agreement to be used to finance the costs of the acquisition and construction of the Project by the Borrower and the issuance of the Bonds.

(c) On _____, 2015 (such date being herein referred to as the "*Closing Date*"), the Purchaser will advance the full purchase price of the Bonds in the principal amount of \$_____. The Bonds shall be in registered form, registered in the name of the Purchaser or its nominee, and in such denominations as set forth in the Indenture.

SECTION 2. REPRESENTATIONS AND COVENANTS

(a) The Issuer hereby confirms for the benefit of the Purchaser each of the representations of the Issuer set forth in Section 2.1 of the Loan Agreement as if and to the extent fully set forth in this Bond Purchase Agreement.

(b) The Borrower hereby confirms for the benefit of the Purchaser each of the representations, warranties and covenants of the Borrower set forth in Sections 2.2, 2.3, 2.4, 2.5 and 2.6 of the Loan Agreement as if and to the extent fully set forth in this Bond Purchase Agreement.

(c) The Borrower hereby covenants that it will not (i) be or become subject at any time to any legal requirement, or list of any governmental agency (including, without limitation, the U.S. Office of Foreign Asset Control List) that prohibits or limits the Purchaser from making any advance or extension of credit to or for the benefit of the Borrower or from otherwise conducting business with the Borrower, or (ii) fail to provide documentary and other evidence of the Borrower's identity as may be requested by the Purchaser at any time to enable the Purchaser to verify the Borrower's identity or to comply with any applicable legal requirement, including, without limitation, Section 326 of the U.S.A. Patriot Act of 2001, 31 U.S.C. § 5318 (the "*Patriot Act*").

SECTION 3. PRECONDITIONS TO CLOSING DATE. The Purchaser has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and covenants of the Issuer and the Borrower contained herein and to be contained in the Indenture, the Loan Agreement and the other documents and instruments to be delivered on or prior to the Closing Date, as required hereunder, and upon the performance by the Issuer of its obligations hereunder prior to the Closing Date, as required hereunder. Accordingly, the Purchaser's obligations under this Bond Purchase Agreement to advance the purchase price of the Bonds and to accept delivery of and to pay for the Bonds shall be subject to the performance of such obligations to be performed by the Issuer under the Indenture and by the Borrower hereunder and under the Loan Agreement on or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations of the Issuer contained herein and in the Indenture and Loan Agreement shall be true, complete and correct on the date hereof, and on and as of the Closing Date with the same effect as if made on the Closing Date;

(b) The representations, warranties and covenants of the Borrower contained herein and in a Loan Agreement shall be true, complete and correct in all material respects on the date hereof, and on and as of the Closing Date with the same effect as if made on the Closing Date;

(c) On the Closing Date, the Indenture shall have been duly authorized, executed and delivered by the respective parties thereto, shall be in form and content satisfactory to the Purchaser and the Issuer, and shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Issuer and Purchaser;

(d) On the Closing Date, the Mortgage shall have been delivered for recording and the title insurer has committed to issue a Title Policy in an amount equal to the committed principal amount of the Bonds insuring the Mortgage as a first priority lien on the leasehold interest in the Project;

(e) On the Closing Date, the Loan Documents shall have been duly authorized, executed and delivered by the respective parties thereto, shall be in form and content satisfactory to the Purchaser and Issuer, and shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Purchaser;

(f) On the Closing Date, the Issuer shall cause the Trustee to deposit all funds held under the Indenture pursuant to the terms of the Indenture;

(g) On the Closing Date, all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter, which would constitute a condition precedent to the performance by the Issuer of its obligations under this Bond Purchase Agreement, the Bonds and the performance by the Issuer and the Borrower of their respective obligations under the Indenture and the Loan Agreement and Loan Documents will have been obtained, and any consents, approvals and orders so received will be in full force and effect;

(h) On the Closing Date, the Purchaser shall have received approving opinions, dated the Closing Date and addressed to the Issuer, of bond counsel for the Issuer, and reliance letters of such counsel dated the Closing Date and addressed to the Purchaser to the effect that such respective approving opinion may be relied on by the Purchaser to the same extent as if such opinion were addressed to the Purchaser;

(i) On the Closing Date, the Purchaser shall have received an opinion with respect to the Borrower and the Guarantor dated the Closing Date and addressed to the Issuer and the Purchaser, of counsel for the Borrower and the Guarantor to the effect that:

(a) the Borrower and the Guarantor are duly organized and validly existing under the laws of the state of their respective organization; (b) the Borrower has the full legal right, power and authority to enter into the Loan Documents to which it is a party and to carry out the transactions contemplated thereby; (c) the Borrower has duly authorized and executed such Loan Documents and such Loan Documents constitute the valid and binding obligations of the Borrower, enforceable in accordance with their terms; (d) the Guarantor has full legal right, power and authority to enter into the Guaranty of Payment and Completion and the Environmental Indemnity (together the “Guaranties”); and (e) the Guarantor has duly authorized and executed such Guaranties and such Guaranties constitute the valid and binding obligation of the Guarantor, enforceable in accordance with their respective terms.

(j) On the Closing Date, pursuant to the terms of the Indenture and the Loan Agreement, funds shall have been deposited with the Trustee which are sufficient to pay the costs of issuance of the Bonds;

(k) On the Closing Date, there shall not exist any uncured default or Event of Default under the terms of the Indenture, the Loan Agreement or any of the other Loan Documents;

(l) On the Closing Date, the Purchaser shall have received and authorized a requisition in the form of Exhibit A to the Indenture; and

(m) On the Closing Date, each of the conditions for the disbursement of moneys from the funds and accounts established under Article 5 of the Indenture from the proceeds of the Bonds purchased by the Purchaser shall have been satisfied.

4. FEES AND EXPENSES. The Purchaser shall be under no obligation to pay, and the Borrower shall pay or cause to be paid (out of proceeds of the Bonds or any other legally available funds of the Borrower) all expenses incident to the performance of the Issuer’s and the Borrower’s obligations hereunder, including, but not limited to, the cost of delivering the Bonds to the Purchaser, the fees and disbursements of the Trustee, Bond counsel, Issuer, Purchaser’s counsel, accountants, financial advisors and any other experts or consultants retained in connection with the Bonds, and any other expenses incurred in connection with the issuance of the Bonds. Whether or not the Bonds are delivered to the Purchaser as set forth herein, the Issuer shall be under no obligation to pay any costs or expenses relating to the issuance, sale and delivery of the Bonds.

5. NOTICES

(a) All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when (i) sent to the applicable address stated below by registered or certified mail, return receipt requested, or by such other means as shall provide the sender with documentary evidence of such delivery, or (ii) if delivery is refused by the addressee, as evidenced by the affidavit of the person who attempted to effect such delivery.

(b) The address to which notices, certificates and other communications hereunder are as follows:

If to the Issuer:

Austin Housing Finance Corporation
1000 E. 11th Street
Austin, Texas 78702
Attention: David Potter

With a copy to:

McCall Parkhurst & Horton L.L.P.
717 N. Harwood, Suite 900
Dallas, Texas 75201
Attention: Mark Malveaux, Esq.

If to the Purchaser:

JPMorgan Chase Bank, N.A.
Community Development Banking
221 West 6th Street, 2nd Floor
Austin, Texas 78701
Attention: David H. Saling, Vice President

With copies to:

JPMorgan Chase Bank, N.A.
Legal Department
237 Park Avenue, 12th Floor
Mail Code NY1-R065
New York, New York 10017-3140
Attention: Michael R. Zients, Executive Director
and Assistant General Counsel

and

Phillips Lytle LLP
1400 First Federal Plaza
Rochester, New York 14614
Attention: Thomas R. Burns, Esq.

If to the Trustee:

BOKF, NA d/b/a Bank of Texas
801 Cherry Street, Suite 3325, Unit 27
Fort Worth, Texas 76102
Attention: Pamela Black, Senior Vice President

With a copy to:

Naman Howell Smith & Lee, P.L.L.C.
8310 Capital of Texas Highway N., Suite 490
Austin, Texas 78721
Attention: William C. "Cliff" Blount, Esq.

If to the Borrower:

Austin DMA Housing II, LLC
1000 E. 11th Street
Austin, Texas 78702
Attention: David Potter

With copies to:

Coates/Rose
9 Greenway Plaza, Suite 1100
Houston, Texas 77046
Attention: Barry J. Palmer, Esq.

and

DMA Development Company
4101 Parkstone Heights Drive, Suite 310
Austin, Texas 78746
Attention: Janie Sisak

6. AMENDMENT. This Bond Purchase Agreement may not be amended, changed, modified, altered or terminated except by written instrument executed and delivered by the parties hereto.

7. BINDING EFFECT. This Bond Purchase Agreement shall be binding upon and inure to the benefit of the Issuer, the Borrower and the Purchaser and their respective successors and assigns.

8. EXECUTION OF COUNTERPARTS. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page of this

Bond Purchase Agreement by e-mail transmission, facsimile transmission or other means of communication capable of being evidenced by a paper copy shall be effective as delivery of manually executed counterpart.

9. **APPLICABLE LAW.** This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

10. **NO RECOURSE; SPECIAL OBLIGATION.** All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Bond Purchase Agreement, the Bonds, the Indenture and Loan Documents executed by the Issuer and in the other documents and instruments connected herewith or therewith, and in any documents supplemental thereto shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, agent, servant or employee of the Issuer in his individual capacity, and no recourse under or upon any obligation, covenant or agreement in the Documents contained or otherwise based upon or in respect of the Indenture and the Loan Documents, or for any claim based hereon or thereon or otherwise in respect hereof or thereof, shall be had against any past, present or future member, director, officer, agent, servant or employee, as such, of the Issuer or of any successor public corporation or political subdivision or any Person executing any of the Indenture and the Loan Documents on behalf of the Issuer, either directly or through the Issuer or any successor public corporation or political subdivision or any Person so executing any of the Indenture and the Loan Documents on behalf of the Issuer, it being expressly understood that the Indenture and the Loan Documents and the Bonds issued thereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, any such member, director, officer, agent, servant or employee of the Issuer or of any successor public corporation or political subdivision or any Person so executing any of the Indenture and the Loan Documents on behalf of the Issuer because of the creation of the indebtedness thereby authorized, or under or by reason of the obligations, covenants or agreements contained in the Indenture and the Loan Documents or implied therefrom; and that any and all such personal liability of, and any and all such rights and claims against, every such member, director, officer, agent, servant or employee because of the creation of the indebtedness authorized by the Loan Documents, or under or by reason of the obligations, covenants or agreements contained in the Loan Documents or implied therefrom, are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution by the Issuer of the Loan Documents and the issuance, sale and delivery of the Bonds.

11. **SEVERABILITY**

(a) If any provision of this Bond Purchase Agreement shall, for any reason, be held or shall, in fact, be inoperative or unenforceable in any particular case, such circumstances shall not render the provision in question inoperative or unenforceable in any other case or circumstance or render any other provision herein contained on any provision of any of the other Financing Documents inoperative or unenforceable.

(b) The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections in this Bond Purchase Agreement shall not affect the remaining portion of this Bond Purchase Agreement or any part thereof.

12. **SURVIVAL OF OBLIGATIONS.** This Bond Purchase Agreement shall survive the purchase and sale of the Bonds and shall remain in full force and effect until the principal of the Bonds, together with the premium, if any, and interest thereon and all amounts payable under this Bond Purchase Agreement, the Indenture and the Loan Documents, shall have been irrevocably paid in full.

13. **RECORDING AND FILING**

(a) The Borrower shall record or file or cause to be recorded or filed, as the case may be, at the Borrower's expense, the Mortgage and all other security instruments and financing statements reasonably requested by the Purchaser with respect to the Bonds in such manner and in such places as may be required by law to perfect the liens and security interests contemplated herein and therein.

(b) The Purchaser is authorized to file all security instruments, including without limitation financing statements and continuation statements under the Uniform Commercial Code of the State of Texas, in such manner and in such places as may be required by law to protect and maintain in force all such liens and security interests. The Issuer and the Borrower hereby authorize the Purchaser to file such instruments and statements without execution thereof by the Issuer, the Trustee or the Borrower, and the Issuer shall have no liability to Purchaser if any such instrument or statement is not filed when required.

14. **PATRIOT ACT NOTICES.** The Purchaser hereby notifies the Borrower that pursuant to the requirements of Section 326 of the Patriot Act it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Purchaser to identify the Borrower in accordance with the Patriot Act.

15. **EXPENSES; INDEMNITY; DAMAGE WAIVER**

(a) The Borrower shall pay:

(i) all out-of-pocket expenses incurred by the Issuer and the Purchaser, including appraisal fees, inspection fees, inspecting engineer charges, title and escrow charges and original fees, reasonable charges and disbursements of counsel for the Issuer and the Purchaser in connection with the issuance, sale, purchase and securing of the Bonds, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and

(ii) all out-of-pocket expenses incurred by the Issuer and the Purchaser including the reasonable fees, charges and disbursements of any counsel in connection with the enforcement or protection of its rights in connection with the Indenture, this Bond Purchase

Agreement or the Loan Documents, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Bonds.

(b) The Borrower shall indemnify the Issuer and the Purchaser and their respective officers, directors, members, employees and agents (each of the foregoing being called an “Indemnatee”) against, and hold each Indemnatee harmless from, any and all losses, claims, damages, judgments, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnatee incurred by or asserted against any Indemnatee arising out of, in connection with or as a result of (i) the execution or delivery of this Bond Purchase Agreement or any agreement or instrument or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the transactions contemplated hereby, (ii) the use of the proceeds of the Bonds, or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory regardless of any Indemnatee being a party thereto, except if such losses, claims, damages, judgments, liabilities and related expenses arise solely from the gross negligence or willful misconduct of any such Indemnatee.

16. **RATE MANAGEMENT TRANSACTION.** All Rate Management Transactions, if any, between the Borrower and the Purchaser or any Affiliate of the Purchaser are independent agreements governed by the written provisions of the Rate Management Transaction, which shall remain in full force and effect, unaffected by any payment, prepayment, acceleration, reduction, increase or change in the terms of the Financing Documents, except as otherwise expressly provided in the Rate Management Transaction, and any payoff statement from the Purchaser relating to the Bonds shall not apply to a Rate Management Transaction. The term “*Rate Management Transaction*” means (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between the Borrower and JPMorgan Chase Bank, N.A. and the Purchaser and/or its affiliates which is a rate swap, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, Cap, floor, collar, currency swap, cross-currency rate swap, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, whether index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions, or (b) any type of transaction that is similar to any transaction referred to in clause (a) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or derivatives are to be made, or any combination of the foregoing transactions.

17. **PARTICIPATIONS.** The Purchaser may at any time, without consent of the Issuer or the Borrower, sell participations to any Person (other than a natural Person, the Borrower, Guarantor or any Affiliate of the Borrower or Guarantor) (each a “*Participant*”) in all or a portion of the Bonds, provided that (a) Purchaser’s obligations under this Bond Purchase Agreement and other

Loan Documents shall remain unchanged, (b) the Purchaser shall remain solely responsible to the other parties hereto for the performance of such obligations, (c) the Issuer and the Borrower shall continue to deal solely and directly with the Purchaser in connection with the Purchaser's rights and obligations under this Bond Purchase Agreement and the other Financing Documents. Notwithstanding the foregoing, in order to be effective under this Bond Purchase Agreement, any sale of a participation interest, in whole or in part, with respect to Bonds owned by the Purchaser or the rights and obligations related to such Bonds, shall be subject to compliance by the Purchaser and the prospective transferee or assignee with the terms and conditions of Section 2.12 of the Indenture and shall require the execution and delivery by the Participant of an investor letter in the form of Exhibit C to the Indenture.

18. **HEADINGS.** The headings of the several sections in this Bond Purchase Agreement have been prepared for the convenience of reference only and shall not control, affect the meaning of or be taken as an interpretation of any provision of this Bond Purchase Agreement.

19. **INCONSISTENT PROVISIONS.** Any irreconcilable inconsistency or conflict between the terms of this Bond Purchase Agreement and the terms of the Indenture or the Loan Agreement, shall be governed and controlled by the terms of this Bond Purchase Agreement. Provided, however, nothing in this Section 19 shall be deemed to modify the terms of the Loan Agreement or Regulatory Agreement or affect the Issuer's or Trustee's rights with respect to the Unassigned Issuer's Rights.

20. **EFFECTIVE DATE.** This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof by the Issuer and Borrower and shall be valid and enforceable as of the time of such acceptance.

21. **WAIVER OF SPECIAL DAMAGES.** Except to the extent prohibited by applicable law, the Borrower shall not assert, and hereby waives, any claim against the Purchaser and its respective officers, directors, members, employees and agents, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Bond Purchase Agreement or any agreement or instrument contemplated hereby, the transactions, the Bonds or the use of the proceeds thereof.

22. **WAIVER OF JURY TRIAL. THE BORROWER, THE ISSUER AND THE PURCHASER WAIVE, TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A JURY TRIAL IN ANY LEGAL PROCEEDING, DIRECTLY OR INDIRECTLY, ARISING OUT OF OR RELATING TO THIS BOND PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANOTHER PARTY HAS REPRESENTED, EXPRESS OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS BOND PURCHASE**

AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

[Signature Pages Follow]

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VERY TRULY YOURS,

JPMORGAN CHASE BANK, N.A.

By: _____
David H. Saling, Authorized Officer

Accepted as of the date first above written:

AUSTIN HOUSING FINANCE CORPORATION

By: _____
David Potter, Manager

AUSTIN DMA HOUSING II, LLC
a Texas limited liability company
AHFC Aldrich 51, non-profit corporation
a Texas nonprofit corporation
its managing member

By:_____