

RESOLUTION NO. 20181115-AHFC 003

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (ELYSIUM APARTMENTS) SERIES 2018A AND TAXABLE MULTIFAMILY HOUSING REVENUE BONDS (ELYSIUM APARTMENTS) SERIES 2018B; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS; AUTHORIZING REPRESENTATIVES OF THE AUSTIN HOUSING FINANCE CORPORATION TO EXECUTE DOCUMENTS; AND APPROVING RELATED MATTERS

WHEREAS, Austin Housing Finance Corporation (the "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, as amended (the "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 (the "Board") has determined to authorize the issuance of the Issuer's Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018A and Taxable Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018B (collectively, the "Bonds"), in one or more series in accordance with the terms of a Indenture of Trust (the "Indenture") by and between the Issuer and the trustee named in the Indenture (the "Trustee"), to obtain funds to finance the Project (defined below), in accordance with the Constitution and the Act; and

WHEREAS, the Issuer desires to use the proceeds of the Bonds to finance the costs of acquisition, construction and equipping of the 90-unit residential rental project to be located in Austin, Texas, to be known as "Elysium Apartments" (the "Project") containing units occupied by persons of low and moderate income, as required by Section 142(d) of the Internal Revenue Code of 1986, as amended, and to pay costs of issuance of the Bonds (if necessary); and

WHEREAS, the Issuer and Elysium Grand, LP, a limited partnership organized and existing under the laws of the State of Texas, the owner of a leasehold interest on the land on which the Project will be issued ("the Borrower"), will execute and deliver a Loan Agreement (the "Loan Agreement") in which the Issuer will agree to lend funds to the Borrower to enable the Borrower to finance the Project; and

WHEREAS, the Issuer will assign its rights under the Loan Agreement to the Trustee pursuant to the Indenture in order to secure repayment of the Bonds; and

WHEREAS, the Issuer, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") which will be filed of record in the real property records of Travis County, Texas; and

WHEREAS, the Issuer has further determined that the Issuer will execute and deliver a Bond Purchase Agreement (the "Bond Purchase Agreement") among the Issuer, the Borrower and FMSbonds, Inc (the "Purchaser"); and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Regulatory Agreement and the Bond Purchase Agreement all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained to be true, correct and complete; and has determined to authorize the issuance of the Bonds, the execution and delivery of 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 THE AUSTIN HOUSING FINANCE CORPORATION:

Section 1.1 - Issuance, Execution and Delivery of the Bonds. The issuance of the Bonds is authorized in accordance with the conditions in the Indenture, and, upon execution and delivery of the Indenture, the authorized representatives of the Issuer named in this 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 Purchaser. The interest rate for the Bonds will not exceed the maximum amount allowed under Texas law and the aggregate principal amount of Bonds will not exceed \$13,000,000, in the aggregate.

Section 1.2 - Approval, Execution and Delivery of the Indenture. The form and substance of the Indenture (including the form of Bonds therein) are approved in substantially final form, with such changes therein as may be approved by the authorized representatives of the Issuer named in this Resolution at the time of execution and delivery thereof, and the authorized representatives of the Issuer named in this Resolution each are authorized to execute and attest to (if required) the Indenture and to deliver the Indenture to the Trustee.

Section 1.3 - Approval, Execution and Delivery of the Loan Agreement and Regulatory Agreement. The form and substance of the Loan Agreement and the Regulatory Agreement are approved in substantially final form, with such changes therein as may be approved by the authorized representatives of the Issuer named in this Resolution at the time of execution and delivery thereof, and the authorized representatives of the Issuer named in this Resolution each are authorized to execute and attest (if required) the Loan Agreement and the Regulatory Agreement.

Section 1.4 - Approval, Execution and Delivery of the Bond Purchase Agreement. The form and substance of the Bond Purchase Agreement are approved in substantially final form, with such changes therein as may be approved by the authorized representatives of the Issuer named in this Resolution at the time of execution and delivery thereof, and the authorized representatives of the Issuer named in this Resolution each are authorized to execute and attest (if required) the Bond Purchase Agreement.

Section 1.5 - 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 papers as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.6 - Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit A - Indenture

Exhibit B - Loan Agreement

Exhibit C - Regulatory Agreement

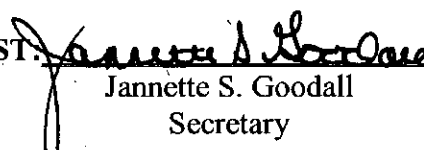
Exhibit D - Bond Purchase Agreement

Section 1.7 - Power to Revise Form of Documents. The authorized representatives of the Issuer named in this Resolution each are authorized to approve such revisions in the form of the documents attached hereto as may be acceptable to such authorized representative or authorized representatives, following consultation with McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Issuer, with such approval to be evidenced by the execution of such documents by the authorized representatives of the Issuer named in this Resolution.

Section 1.8 - Authorized Representatives. The President, Vice President, Treasurer, Secretary and Manager each is hereby named as an authorized representative of the Issuer, acting alone, for purposes of executing, attesting, affixing the Issuer's seal to, and delivering the documents and instruments referred to herein.

Section 1.9 - Meeting. The meeting at which this Resolution was adopted was held on November 15, 2018 and a quorum was present. Such meeting was held in accordance with the requirements of applicable law and Issuer's bylaws.

ADOPTED: November 15, 2018

ATTEST: 
Jannette S. Goodall
Secretary

INDENTURE OF TRUST

by and between

AUSTIN HOUSING FINANCE CORPORATION

and

**BOKF, NA,
as Trustee**

Dated as of November 1, 2018

Relating to:

\$10,000,000

**Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Elysium Apartments) Series 2018A**

[\$_____]

**Austin Housing Finance Corporation
Taxable Multifamily Housing Revenue Bonds
(Elysium Apartments) Series 2018B**

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INDENTURE OF TRUST

This **INDENTURE OF TRUST** (as amended, modified or supplemented from time to time, this "**Indenture**"), dated as of October 1, 2018, made and entered into by and between **AUSTIN HOUSING FINANCE CORPORATION**, a public non-profit housing finance corporation, duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the "**Issuer**"), and **BOKF, NA**, a national banking association, duly organized and validly existing under the laws of the United States of America, as trustee (together with any successor trustee hereunder and their respective successors and assigns, the "**Trustee**"),

WITNESSETH:

WHEREAS, the Issuer has determined to issue and sell its Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018A in the original aggregate principal amount of [\$10,000,000] (the "**Tax-Exempt Bonds**") and its Taxable Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018B in the original aggregate principal amount of [\$ ____] (the "**Taxable Bonds**" and, together with the Tax-Exempt Bonds, the "**Bonds**"), for the purpose of financing the cost of the acquisition, construction, installation and equipping of a residential rental development, consisting of a total of ninety (90) units and related personal property and equipment, and located in Austin, Travis County, Texas on property described on Exhibit B to the hereinafter defined Loan Agreement (the "**Project Facilities**"), all pursuant to this Indenture and the Loan Agreement, dated as of October 1, 2018 (as amended, modified or supplemented from time to time, the "**Loan Agreement**"), by and between the Issuer and Elysium Grand, LP, a limited partnership duly organized and existing under the laws of the State of Texas (together with its permitted successors and assigns, the "**Borrower**"); and

WHEREAS, the Issuer is authorized to enter into this Indenture and to do or cause to be done all the acts and things herein provided or required to be done to finance the Project Costs by the issuance of the Bonds, all as hereinafter provided; and

WHEREAS, all acts, conditions and things required to happen, exist, and be performed precedent to and in the issuance of the Bonds and the execution and delivery of this Indenture have happened, exist and have been performed in order to make the Bonds, when issued, delivered and authenticated, valid obligations of the Issuer in accordance with the terms thereof and hereof, and in order to make this Indenture a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and has accepted its obligations hereunder, and in evidence thereof, this Indenture has been executed and delivered thereby.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE COVENANTS AND UNDERTAKINGS HEREIN EXPRESSED, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY AND RECEIPT OF WHICH ARE HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO AGREE AS FOLLOWS:

GRANTING CLAUSES

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

(a) All moneys from time to time paid by the Borrower pursuant to the terms of the Loan Agreement, the Note and the Bond Documents and all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement, the Bond Documents and the Note (but in each instance excluding the Reserved Rights, as defined herein); and

(b) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture, excluding the Rebate Fund and excluding amounts required to be rebated to the United States Treasury under Section 148(f) of the Internal Revenue Code of 1986, as amended, whether or not held in the Rebate Fund; and

(c) Any and all property, rights and interests (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder to the Trustee which the Trustee is hereby authorized to receive at any time and to hold and apply the same subject to the terms of this Indenture; and

(d) All of the proceeds of the foregoing (except the amounts payable to or on behalf of the Issuer on account of its Reserved Rights), including without limitation investments thereof;

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

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

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of and premium, if any, on such Bonds with interest, according to the provisions set forth in the Bonds, or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or

redemption thereof when and as authorized by the provisions of Article V (it being understood that any payment with respect to the principal of or interest on Bonds made by the Borrower shall not be deemed payment or provision for the payment of the principal of or premium or interest on Bonds, except Bonds purchased and canceled by the Trustee, all such uncanceled Bonds to remain Outstanding and the principal of and premium and interest thereon payable to the Holders thereof), and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment by the Issuer of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer all and singular the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

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

ARTICLE I. DEFINITIONS

Section 1.1 . Defined Terms. In addition to terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

"Accountant" means Novogradac & Company LLP or such other accounting firm approved in writing by the Controlling Person.

"Accounts" means all funds and accounts established under this Indenture, including the Bond Fund, the Surplus Fund, the Operating Reserve Fund, the Rebate Fund, the Project Fund, the Tax and Insurance Escrow Fund, the Replacement Reserve Fund, the Expense Fund and the Redemption Fund, and the respective accounts and subaccounts established therein.

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

"Advance" means any disbursement from the Project Fund established under this Indenture made or to be made by the Trustee pursuant to the terms of the Loan Agreement.

"Affiliate" means, with respect to any designated Person, each Person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another designated Person, pursuant to the organizational document(s) of an entity or by other express, written agreement.

"Annual Budget" means, for any Fiscal Year, the capital and operating budget adopted by the Borrower and approved by the Controlling Person, or deemed approved, pursuant to Section 6.24 of the Loan Agreement.

"Anti-Terrorism Regulations" shall have the meaning ascribed to such term in Section 6.23 of the Loan Agreement.

"Architect" means Miller Slayton Architect's, Inc.

"Architect's Agreement" means the contract dated _____, 20__, between the Borrower and the Architect, providing for the design of the Improvements and the supervision of the construction thereof, including ongoing monthly inspection of the Improvements, certificate of Requisitions and certification of Final Completion, among other things, as the same may be amended, modified or supplemented from time to time.

"Assignment of Capital Contributions" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Assignment of Management Agreement and Consent" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Assignment of Project Documents" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Assignment of Rents" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Assignment of VASH Contract" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Authorized Denomination" means \$100,000, and any whole dollar amount in excess of \$100,000, but not in excess of the aggregate principal amount of Bonds then Outstanding.

"Authorized Person" means one or more individuals duly authorized to bind the Borrower in connection with the administration of the Project Facilities. The initial Authorized Persons of the Borrower is Ron Kowal.

"Bankruptcy Code" means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function.

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

"Bond" or **"Bonds"** shall have the meaning given to such term in the recitals to this Indenture.

"Bond Counsel" means McCall, Parkhurst & Horton LLP, and any other attorney, or firm of attorneys, nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds, reasonably acceptable to the Issuer, the Majority Owner and the Controlling Person.

"Bond Coupon Rate" means (i) with respect to the Tax-Exempt Bonds, five and one tenth percent (5.10%) per annum, and (ii) with respect to the Taxable Bonds, ___ percent (___%) per annum.

"Bond Documents" means, collectively, the Bonds, this Indenture, the Loan Agreement, the Note, the Regulatory and Land Use Restriction Agreement, the Purchase Agreement, the Mortgage, the Ground Lease, the Environmental Indemnity, the Assignment of Capital Contributions, the Assignment of Management Agreement and Consent, the Assignment of Project Documents, the Assignment of Rents, the Replacement Reserve Agreement, the Guaranty of Completion, the Guaranty of Payment, the Guaranty of Recourse Obligations, the Developer Fee Pledge, the General Partner Pledge, the Assignment of VASH Contract, and all other agreements or instruments relating to, or executed in connection with the issuance and delivery of the Bonds, including all modifications, amendments or supplements thereto.

"Bond Fund" means the fund of that name created pursuant to Section 4.1(a) hereof.

"Bond Proceeds Account" means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

"Bondholder" or **"Holder"** or **"Owner"** or words of similar import, when used with reference to the Bonds, means the registered owner or owners of the Bonds or Beneficial Owner or Beneficial Owners of the Bonds, as applicable.

"Book-Entry System" means a book-entry system established and operated for the recordation of Beneficial Owners of the Bonds pursuant to Section 2.14 hereof.

"Borrower" shall have the meaning given to such term in the recitals to this Indenture.

"Business Day" means any day on which the offices of the Trustee are open for business and on which The New York Stock Exchange is not closed.

"Capital Expenditures" means the capital expenditures relating to any construction, renovation, rehabilitation, repair and replacement of the Improvements or made pursuant to the recommendations of the Engineering Consultant.

"Capitalized Interest Account" means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

"Change Order" means a change made to the Plans and Specifications relating to the Project Facilities, as evidenced by a written change order request made in accordance with the terms of the Construction Contract.

"Code" means the Internal Revenue Code of 1986, as amended, and in force and effect on the date hereof and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder.

"Collateral" means all property of the Borrower in which the Trustee is granted a security interest to secure payment of the Bonds.

"Completion Date" means June __, 2020 (eighteen (18) months from the Issue Date), the date by which the construction of the Improvements must achieve Final Completion; provided, that, at the written request of the Borrower and with the prior written approval of the Controlling Person, the Completion Date may be extended for two periods of (6) months upon delivery of an extension fee equal to twenty-five (25) basis points multiplied by the original principal amount of the Bonds to the Controlling Person for each extension; and provided further that the Borrower shall have a period of not more than forty-five (45) days following the Completion Date to submit the forms of completion certificate and use of proceeds certificate and the necessary supporting documentation evidencing the achievement of Final Completion before an Event of Default shall occur as a result of the failure to achieve Final Completion.

"Comptroller" means the Comptroller of Public Accounts of the State.

"Computation Date" means each Installment Computation Date and the Final Computation Date.

"Condemnation Award" means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the property subject to the Mortgage less the actual costs incurred, including attorneys' fees, in obtaining such award.

"Construction Budget" means the budget for implementation and completion of the acquisition, construction and equipping of the Project Facilities, initially as attached to the Loan Agreement, as the same may be amended, modified or supplemented in accordance with the Loan Agreement and the Intercreditor Agreement and with the prior written consent of the Controlling Person.

"Construction Contract" means that certain contract for the construction of the Project Facilities, dated _____, 20__, between the Borrower and Austin Affordable Housing Corporation, providing for the construction of the Improvements and certification of Requisitions, among other things, as the same may be amended, modified or supplemented from time to time.

"Contamination" means the uncontained release, discharge or disposal of any Hazardous Substances at, on, upon or beneath the Project Facilities, whether or not originating at the Project Facilities, or arising from the Project Facilities into or upon any land or water or air, or otherwise into the environment, which may require remediation under any applicable Legal Requirements.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of November 1, 2018, between the Borrower and the Trustee, as dissemination agent, as the same may be amended, modified or supplemented from time to time.

"Control" (including, with the correlative meanings, the terms "controlling", "controlled by" and "under common control with") means, as used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such other Person, or of the Person, whether through contract, stock-ownership, partnership interests, membership, voting rights, governing boards, committees, divisions or other bodies with one or more common members, directors, trustees or other managers, or otherwise.

"Controlling Person" means any entity designated in writing by the Majority Owner, by written notice to the Trustee, to act as a Controlling Person hereunder, in accordance with Article IX hereof, together with such representative's successors and assigns. If at any time a Controlling Person has not been designated by the Majority Owner, all references herein and in the other Bond Documents to the "Controlling Person" shall refer to the Majority Owner. The initial Controlling Person is Red Stone A7 LLC.

"Counsel" means an attorney, or firm of attorneys, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, including any Bond Counsel.

"Default" means an event or condition which is, or which after giving notice or lapse of time or both would be, an Event of Default.

"Default Interest" means interest payable at the Default Rate.

"Default Rate" means a rate per annum equal to ten percent (10%) per annum; provided that such rate shall in no event exceed the maximum rate allowed by law.

"Determination of Taxability" means a determination that the interest accrued or paid on any of the Tax-Exempt Bonds is included in gross income of the Holders or former Holders for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

(i) the day on which the Borrower, the Issuer, the Trustee or any Holder is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that the interest on the Tax-Exempt Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

(ii) the day on which the Borrower receives notice from the Trustee in writing that the Trustee has received (1) a notice in writing by any Holder or former Holder of the Tax-Exempt Bonds that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such Holder or former Holder that asserts in effect that the interest on the Tax-Exempt Bonds received by such Holder or former Holder is included in the gross income of such Holder or former Holder for federal income tax purposes, or (2) a Favorable Opinion of Bond Counsel that concludes in effect that the interest on the Tax-Exempt Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

(iii) the day on which the Borrower, the Issuer, the Trustee or any Holder of any Tax-Exempt Bonds is advised in writing by the Commissioner or any District Director of

the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Tax-Exempt Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes; or

(iv) the day on which the Borrower, the Issuer, the Trustee or any Holder of a Tax-Exempt Bond is advised in writing by Counsel that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Borrower has been given written notice and an opportunity to participate and defend that the interest on the Tax-Exempt Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

provided, however, no Determination of Taxability shall occur if the interest on any of the Tax-Exempt Bonds is included in the gross income of any Holder or former Holder for federal income tax purposes solely because such Tax-Exempt Bond was held by a Person who is a Substantial User or a Related Person.

"Developer" means collectively Saigebrook Development, LLC, O-SDA Industries, LLC and General Partner, a _____ organized and existing under the laws of the State of ____, as developer and recipient of the developer fee in respect of the Project Facilities.

"Developer Fee Pledge" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Development Agreement" means that certain Development Services Agreement dated as of _____, 20__, between the Borrower and the Developer, as the same may be amended, modified or supplemented from time to time.

"Development Budget" means the budget for the implementation and completion of the acquisition, construction and equipping of the Project Facilities, initially attached as Schedule 4 to the Loan Agreement, together with the Loan Agreement and with the prior written consent of the Controlling Person.

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

"Effective Gross Revenues" of the Borrower means, for the period being tested, the annualized aggregate revenues during such period generated from all tenants and others occupying or having a right to occupy or use the Project Facilities normal and customary lease charges, voucher rents, contract rents or any portion thereof pursuant to leases, including (at the Controlling Person's reasonable discretion, taking into account whether such income is recurring and is appropriate for a stabilized property), vending machine income, cable TV revenues, laundry service and parking income, as adjusted in the Controlling Person's judgment for factors including but not limited to: (i) seasonal fluctuation in the rental rate in the market in which the Project Facilities are located; (ii) evidence of rent deterioration; (iii) concessions, reductions, inducements or forbearances (such as any cash reduction in monthly rent during the term of a lease, any free

rent before, during or after the term of a lease, any rent coupons, gift certificates and tangible goods or any other form of rent reduction or forbearance); (iv) economic vacancy at the higher of: (1) five percent (5.00%), or (2) actual economic vacancy based on the annualized vacancies of the Project Facilities; (v) 30-day or more delinquencies; (vi) low-income restrictions required by any applicable federal, state or local subsidy program, any restrictive covenant or regulatory agreement; and (vii) other applicable adjustments as reasonably determined by the Controlling Person.

"Engineer's Agreement" means the agreement dated _____ 20__ between the Borrower and _____, the civil engineer for the Project Facilities, relating to the construction of the Improvements, as the same may be amended, modified or supplemented from time to time.

"Engineering Consultant" means _____ or any other engineer licensed to practice in the State and chosen by the Controlling Person.

"Environmental Audit" means the written Phase I environmental site assessment for the Project Facilities prepared by _____ and dated _____, 20__.

"Environmental Indemnity" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Environmental Laws" means all Legal Requirements governing or relating to the protection of the environment, natural resources or human health concerning (i) activities at any of the Project Facilities, (ii) repairs or construction of any Improvements, (iii) handling of any materials at any of the Project Facilities, (iv) releases into or upon the air, soil, surface water or ground water from any of the Project Facilities, and (v) storage, distribution, use, treatment, transport or disposal of any waste at or connected with any activity at any of the Project Facilities, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 42 U.S.C. §§ 9601 et seq., as amended from time to time; the Hazardous Materials Transportation Act 49 U.S.C. §§ 5101 et seq., as amended from time to time; the Resource Conservation and Recovery Act 42 U.S.C. §§ 6901 et seq., as amended from time to time; the Federal Water Pollution Control Act 33 U.S.C. §§ 1251 et seq., as amended from time to time; and comparable State statutes.

"Environmentally Sensitive Area" means (i) a wetland or other "water of the United States" for purposes of Section 404 of the federal Clean Water Act or any similar area regulated under any State or local Legal Requirements, (ii) a floodplain or other flood hazard area as defined pursuant to any applicable state Legal Requirements, (iii) a portion of the coastal zone for purposes of the federal Coastal Zone Management Act, or (iv) any other area development of which is specifically restricted under applicable Legal Requirements by reason of its physical characteristics or prior use.

"EPA" shall have the meanings ascribed to such term in Section 6.14(e) of the Loan Agreement.

"Equity Account" means the account of that name within the Project Fund created pursuant to Section 4.1(a) hereof.

"ERISA" shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

"ERISA Affiliate" shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

"Event of Default" means, with respect to this Indenture, any of the events specified in Section 6.1 hereof, or with respect to the Loan Agreement, any of the events specified in Section 7.1 thereof.

"Executive" means any officer of the Issuer.

"Expense Fund" means the fund of that name created pursuant to Section 4.1(a) hereof.

"Expenses" means the aggregate annualized operating expenses (including replacement reserves) of the Project Facilities as reasonably determined by the Controlling Person. In determining Expenses, the Controlling Person will take into account: (i) for purposes of Stabilization, the actual amount of aggregate annualized Expenses for the three (3) month period prior to the determination of Stabilized NOI, provided that such actual expenses reflect normalized/stabilized operations and adjusted for seasonality, as reasonably determined by the Controlling Person, and (ii) the annual Expenses that the Controlling Person used in the original underwriting of the Project Facilities as set forth on Schedule 7 of the Loan Agreement after adjusting for actual taxes. Insurance and utilities. Any expense adjustment as reasonably determined by the Controlling Person may result in a line item which may be more or less than the actual annual expense for that line item for the period covered by the financial statements submitted by the Borrower to the Controlling Person. For the avoidance of doubt, should the Property not benefit from an ad valorem real estate tax abatement, real estate taxes for purposes of the definition of "Expenses" shall be determined on the basis of applicable ad valorem real estate taxes to be incurred with respect to the Project Facilities after Final Completion and not on the basis of historical ad valorem real estate taxes applicable to vacant land.

"Extraordinary Issuer Fees and Expenses" means the expenses and disbursements payable to the Issuer under this Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by Bond Counsel and counsel to the Issuer which are to be paid by the Borrower pursuant to Section 2.2 of the Loan Agreement.

"Extraordinary Services" and "Extraordinary Expenses" mean all services rendered and all reasonable expenses properly incurred by the Issuer or the Trustee under this Indenture, other than services and expenses normally incurred by the Issuer or the Trustee under instruments similar to this Indenture. Extraordinary Services and Extraordinary Expenses shall specifically include but are not limited to services rendered or expenses incurred by the Issuer or the Trustee in connection with, or in contemplation of, an Event of Default.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel, addressed to the Issuer, the Trustee, the Majority Owner and the Controlling Person, to the effect that a proposed action, event or circumstance (i) is permitted under this Indenture, (ii) does not affect the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes, and (iii) does not affect the treatment of interest on the Tax-Exempt Bonds as not being an item of tax

preference for purposes of the federal alternative minimum tax, which opinion may be subject to customary assumptions and exclusions.

"Final Completion" means, with respect to the Project Facilities, that each of the following conditions has been satisfied:

(i) the Controlling Person shall have received a copy of the final Plans and Specifications containing all Change Orders and there shall have been no Material Change Orders other than Material Change Orders approved by the Controlling Person;

(ii) the Borrower shall have obtained the Governmental Actions, if any, required by the Legal Requirements and all Governmental Authorities associated with the Project Facilities, including use and occupancy permits (if any are required), and shall have furnished true copies of all such Governmental Actions to the Controlling Person; temporary certificates of occupancy, as opposed to final certificates of occupancy or their equivalent, shall be acceptable provided (A) that the Punchlist Items do not have a total cost to complete exceeding two percent (2%) of the contract price of the Work, nor an estimated time to complete, as reasonably determined by the Engineering Consultant, exceeding forty-five (45) days (except for items such as landscaping, the completion of which is subject to seasonal conditions); (B) such Punchlist Items do not substantially interfere with or prevent the use and occupancy of the Project Facilities; (C) such Punchlist Items do not include major appliances or materially affect the systems (including plumbing, electrical, HVAC, mechanical, roofing and sprinklers) serving the Project Facilities or major structural components of the Project Facilities; and (D) adequate reserves, in amounts equal to one hundred and ten percent (110%) of the cost of completion of such items as estimated by the Architect and approved by the Engineering Consultant (or one hundred and twenty-five percent (125%), with respect to the items described in subsection (A) as being subject to seasonal conditions) have been deposited into the Project Fund;

(iii) as to all such Governmental Actions, to our knowledge no appeal or other action or proceeding challenging any such Governmental Actions shall have been filed or, if filed and decided, there shall have been no appeal (or further appeal) taken and all other statutory appeal periods must have expired, and there shall be no claim, litigation or governmental proceeding pending against the Borrower, the Project Facilities challenging the validity or the issuance of any zoning, subdivision or other land use ordinance, variance, permit or approval, or any Governmental Action of the kind described in this subparagraph (iii); and in addition, as to all of such permits, approvals and certificates having statutory, regulatory or otherwise expressly specified and determinable appeal periods, such periods, if any, must have expired without an appeal having been taken (or any such appeal shall have been denied or shall have affirmed the granting of such Governmental Action);

(iv) the Controlling Person shall have received from the Architect for the Project Facilities, and the Engineering Consultant shall have approved, a certificate of the Architect in the form customary for projects of the scope of the Work, for the Project Facilities with respect to completion of the Work at the Project Facilities;

(v) all Work set forth in the Plans and Specifications for the Project Facilities shall have been substantially completed and incorporated into the Improvements at the Project Facilities;

(vi) except for Permitted Encumbrances and Impositions not then due and payable, the Project Facilities shall be free of any and all private or governmental charges, claims or Liens (filed or not) of any nature, excepting only the liens and security interests in favor of the Trustee and any other encumbrances approved by the Controlling Person in writing;

(vii) with respect to all Principal Subcontractors, either (i) the Borrower shall have obtained an unconditional waiver and release upon final payment of mechanics' and materialmen's liens if there are no Punchlist Items, or (ii) if there are Punchlist Items, the Borrower shall have obtained an unconditional waiver and release upon progress payment of mechanics' and materialmen's liens for all of the Improvements at the Project Facilities except for the Punchlist Items, and true copies thereof have been delivered to the Controlling Person;

(viii) the use of proceeds certificate in the form set forth in Schedule 9 of the Loan Agreement shall have been provided to the Trustee and the Controlling Person, accompanied by a final schedule of the use of proceeds of the Bonds, and shall be reasonably acceptable to the Controlling Person; and

(ix) the Trustee and the Controlling Person shall have received the completion certificate, in the form attached as Schedule 8 to the Loan Agreement, which shall have attached to it, among other items, an as-built ALTA/ACSM Urban Class Survey certified to the Trustee and the Controlling Person and an endorsement down dating the Title Policy insuring the Mortgage as a first lien, subject to Permitted Encumbrances.

Upon receipt of the Completion Certificate and acceptance thereof by the Controlling Person, the Trustee may presume that the Final Completion has occurred upon the Completion Date therein specified.

"Final Computation Date" means the date which the last Bond is discharged.

"Financing Statements" means any and all financing statements (including continuation statements) or other instruments filed or recorded to perfect the Security Interest created in this Indenture.

"Fiscal Year" means the annual accounting year of the Borrower, which currently begins on January 1 in each calendar year.

"Fitch" means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Controlling Person, by written notice to the Issuer, the Borrower and the Trustee.

"Force Majeure" means any acts of God, strikes, walkouts or other labor disputes, riots, civil strife, war, acts of a public enemy, lightning, fires, explosions, storms or floods or shortages of labor or materials or other causes of a like nature beyond the control of the Borrower; provided, however, that the unavailability of sources of financing, the insufficiency of funds, the loss of a tenant or changes in market conditions shall not constitute Force Majeure.

"GAAP" means generally accepted accounting principles in effect in the United States from time to time, consistently applied.

"General Partner" means Elysium Grand GP, LLC, a limited liability company organized and existing under the laws of the State of Texas, in its capacity as the general partner of the Borrower, together with its successors and assigns in such capacity, as permitted by the Controlling Person and the restrictions described in the definition of "Permitted Transfer" herein.

"General Partner Pledge" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Government Obligations" means (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

"Governmental Action" means all permits, authorizations, registrations, consents, certifications, approvals, waivers, exceptions, variances, claims, orders, judgments and decrees, licenses, exemptions, publications, filings, notices to and declarations of or with any Governmental Authority and shall include all permits and licenses required to construct, use, operate and maintain any of the Project Facilities.

"Governmental Authority" means any federal, state, or local governmental or quasi-governmental subdivision, authority, or other instrumentality thereof and any entity asserting or exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and having jurisdiction over the Borrower and/or the Project Facilities.

"Gross Proceeds" means any proceeds, as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds, as defined in Section 1.148-1(c) of the Regulations, of the Tax-Exempt Bonds.

"Ground Lease" means that certain Ground Lease dated as of October 1, 2018, by and between the Borrower, as tenant, and the Housing Authority of the City of Austin, as landlord, as the same may be amended, modified or supplemented from time to time.

"Guarantor" means, collectively, jointly and severally, HLD Texas, LLC, a limited liability company organized and existing under the laws of the State of _____, Saigebrook

Development, LLC, a limited liability company organized and existing under the laws of the State of Florida, and O-SDA Elysium, LLC, a limited liability company organized and existing under the laws of the State of Texas, together with their respective heirs, executors, legal and personal representatives and permitted successors and assigns.

"Guaranty of Completion" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Guaranty of Payment" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Guaranty of Recourse Obligations" shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

"Hazardous Substances" means any petroleum or petroleum products and their by-products, flammable explosives, radioactive materials, toxic chemicals and substances, radon, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and polychlorinated biphenyls (PCB), asbestos-containing materials (ACMs), lead-containing or lead-based paint (LBP), radon, medical waste and other bio-hazardous materials and any chemicals, pollutants, materials or substances defined as or included in the definition of "hazardous substances" as defined pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act, "regulated substances" within the meaning of subtitle I of the federal Resource Conservation and Recovery Act and words of similar import under applicable Environmental Laws.

"HUD" means the United States Department of Housing and Urban Development.

"Impositions" means, with respect to the Project Facilities, all taxes including, without limitation, all real and personal property taxes, water charges and sewer rents, any special assessments, charges or claims and any other item which at any time may be or become a lien upon the Project Facilities.

"Improvements" means all buildings and other improvements included in the Project Facilities.

"Indebtedness" means, collectively, and includes all present and future indebtedness, liabilities and obligations of any kind or nature whatsoever of the Borrower to the Issuer, the Trustee, the Controlling Person or the Holders from time to time of the Bonds, now existing and hereafter arising, under or in connection with this Indenture, any of the other Bond Documents, including future advances, principal, interest, indemnities, other fees, late charges, enforcement costs and other costs and expenses whether direct or contingent, matured or unmatured and all other obligations of the Borrower to the Trustee, the Issuer, the Controlling Person or the Holders from time to time of the Bonds.

"Indemnified Parties" shall have the meaning given to such term in Section 2.5 of the Loan Agreement.

"Indenture" shall have the meaning given to such term in the first paragraph hereof.

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

"Initial Bond" means the initial Tax-Exempt Bond and the initial Taxable Bond, each registered by the Comptroller and subsequently canceled and replaced by definitive Bonds.

"Installment Computation Date" means the last day of each fifth (5th) Rebate Year, commencing 2023 and the date on which the final payment in full of all Outstanding Tax-Exempt Bonds is made.

"Insurance and Condemnation Proceeds Account" means the account within the Project Fund created pursuant to Section 4.1(a) hereof.

"Insurance Proceeds" means the total proceeds of insurance actually paid or payable by an insurance company in respect of the required insurance on the Project Facilities, less the actual costs incurred, including attorneys' fees, in the collection of such proceeds.

"Interest Payment Date" means the first Business Day of each month that the Bonds are Outstanding, beginning October 1, 2018.

"Issue Date" or **"Dated Date"** means October __, 2018, the date on which the Bonds are issued and delivered to the purchaser or purchasers thereof.

"Issuer" means the Austin Housing Finance Corporation, public non-profit housing finance corporation, duly organized and existing under the laws of the State of Texas, including the Act, or any successor to its rights and obligations under the Loan Agreement and this Indenture.

"Issuer Administration Fee" means (a) for so long as the Bonds are Outstanding, the annual prorated amount, payable January 20 of each year beginning January 20, 2019, to the Issuer for its ordinary monitoring fees and expenses under the Indenture in an amount equal to not less than the greater of (i) .0003 times the amount of Bonds Outstanding on January 20, 2019, (ii) \$12 times the number of units in the Project, or (iii) \$1,200 per year, and (b) after the Bonds are no longer Outstanding, for so long as the Regulatory Agreement is in effect, \$1,200 per year. The Issuer Administration Fee shall be payable by the Borrower under the Loan Agreement. Such Obligation under the Loan Agreement shall remain so long as the Bonds are Outstanding.

"Issuer Fees and Expenses" means collectively, the Issuer Administration Fee and the Extraordinary Issuer Fees and Expenses.

"Lease" shall have the meaning assigned to such term in the Mortgage.

"Legal Requirements" means all statutes, codes, laws, ordinances, regulations, rules, policies, or other federal, state, local and municipal requirements of any Governmental Authority whether now or hereafter enacted or adopted, and all judgments, decrees, injunctions, writs, orders or like action of an arbitrator or a court or other Governmental Authority of competent jurisdiction (including those pertaining to the health, safety or the environment).

"Lien" means any lien, mortgage, security interest, tax lien, pledge, encumbrance, title exception, conditional sale or title retention arrangement, or any other interest in property designed to secure the repayment of indebtedness, whether arising by agreement or under any statute or law, or otherwise.

"Loan" means the loan of proceeds of the Bonds from the Issuer to the Borrower, as evidenced by the Note and pursuant to the terms of the Loan Agreement.

"Loan Agreement" shall have the meaning given to such term in the recitals to this Indenture.

"Local Time" means eastern time (daylight or standard, as applicable) in New York, New York.

"Low Income Tenants" shall have the meaning ascribed to such term in the Regulatory and Land Use Restriction Agreement.

"Majority Owner" means any one Person that is the Beneficial Owner of all of the Outstanding Bonds; provided, however, if no one Person is the Beneficial Owner of all of the Outstanding Bonds, "Majority Owner" means the Beneficial Owner or Owners of at least fifty-one percent (51%) in aggregate principal amount of all Outstanding Bonds.

"Management Agreement" shall have the meaning ascribed to such term in Section 6.19 of the Loan Agreement.

"Manager" means _____, a _____ organized and existing under the laws of the State of _____, together with any successor manager of the Project Facilities approved by the Controlling Person, and their respective permitted successors and assigns.

"Material Change Order" means, with respect to the Project Facilities, a Change Order which (i) would result in an increase or decrease of \$50,000 in the aggregate contract price of the Work to be performed on the Project Facilities; (ii) when aggregated with other Change Orders previously effected, would result in an increase or decrease in excess of \$250,000 in the aggregate contract price for the Work to be performed on the Project Facilities; (iii) would reduce the number of apartment units in the Project Facilities; (iv) would materially reduce the aggregate useable square footage of the apartment units or the parking areas in the Project Facilities; (v) would change the number of one, two and three bedroom apartments in the Project Facilities; (vi) would alter the scope of the recreational facilities or ancillary facilities of the Project Facilities; (vii) would alter the number of apartment units in the Project Facilities designated for occupancy by low and moderate income tenants; (viii) makes a substitution for any material or product that is of lesser quality, in the Controlling Person's determination, than that specified in the Plans and Specifications relating to the Project Facilities; or (ix) would materially adversely impair the value of the Project Facilities once the Work is completed.

"Material Contract" means (i) the Ground Lease, the Subordinate Debt Documents, the VASH Contract and the Bond Documents, and (ii) each indenture, mortgage, agreement or other written instrument or contract to which the Borrower is a party or by which any of its assets are

bound (including, without limitation, any employment or executive compensation agreement, collective bargaining agreement, agreement relating to an Obligation, agreement for the acquisition, construction, repair or disposition of real or personal property, agreement for the purchasing or furnishing of services, operating lease, joint venture agreement, agreement relating to the acquisition or disposition of an Affiliate or agreement of merger or consolidation) which (1) evidences, secures or governs any outstanding obligation of the Borrower of \$100,000 or more per annum, or (2) if canceled, breached or not renewed by any party thereto, would have a material adverse effect on the business operations, assets, condition (financial or otherwise) or prospects of the Borrower.

"Maturity Date" means, (i) with respect to the Tax-Exempt Bonds, September 1, 2058 and (ii) with respect to the Taxable Bonds, _____, 1, 20__.

"Memo of Ground Lease" means that certain Memorandum of Ground Lease, dated October __, 2018, between the Borrower, as tenant, and the Housing Authority of the City of Austin, as landlord, evidencing the Ground Lease, and filed in the land records of Travis County, Texas, on or about the date hereof, as the same may be amended, modified or supplemented from time to time.

"Moisture Management Program" shall have the meaning given to such term in Section 6.14(e) of the Loan Agreement.

"Mold" shall have the meaning given to such term in Section 6.14(e) of the Loan Agreement.

"Monthly Tax and Insurance Amount" means, after Stabilization, an amount equal to the sum of (i) one-twelfth (1/12th) of the annual Impositions, plus (ii) one-twelfth (1/12th) of the annual insurance premiums for the insurance coverages for the Project Facilities required by Section 6.4 of the Loan Agreement, as any such amounts may be increased if the Controlling Person determines that funds in the Tax and Insurance Escrow Fund will be insufficient to pay Impositions and insurance premiums when due.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Controlling Person, by written notice to the Issuer, the Borrower and the Trustee.

"Mortgage" shall have the meaning ascribed to such term in Section 3.1 of the Loan Agreement.

"Nonpurpose Investment" shall mean any investment property (as defined in Section 148(b) of the Code) that is acquired with the Gross Proceeds of the Tax-Exempt Bonds and which is not acquired to carry out the governmental purpose of the Tax-Exempt Bonds.

"Note" means, the Promissory Note, dated the Issue Date, from the Borrower to the Issuer and endorsed by the Issuer to the Trustee, in the form attached as Exhibit A to the Loan Agreement, as the same may be amended, modified or supplemented or further endorsed from time to time.

“Obligations” means any and all obligations of the Borrower for the payment of money including without limitation any and all (i) obligations for money borrowed, (ii) obligations evidenced by bonds, debentures, notes, guaranties or other similar instruments, (iii) construction contracts, installment sale agreements and other purchase money obligations in connection with the performance of work, sale of property or rendering of services, (iv) leases evidencing the acquisition of capital assets, (v) obligations under any applicable ground lease, (vi) reimbursement obligations in connection with letters of credit and other credit enhancement facilities, (vii) obligations for unfunded pension liabilities, (viii) guaranties of any such obligation of a third party, and (ix) any such obligations of third parties secured by assets of the Borrower; but excluding obligations incurred and payable in the ordinary course of business under contracts for supplies, services and pensions allocable to current Expenses during the current or future Fiscal Years in which the supplies are to be delivered, the services rendered or the person paid and paid within thirty (30) days of the date when such amounts are due.

“OFAC Violation” shall have the meanings ascribed to such term in Section 6.23 of the Loan Agreement.

“Operating Reserve Fund” means the fund of that name created pursuant to Section 4.1(a) hereof.

“Origination Fee” shall have the meaning given to such term in Section 2.2(a) of the Loan Agreement.

“Outstanding” means, when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, all Bonds that have been authenticated and delivered by the Trustee hereunder, except:

- (i) Bonds cancelled or delivered for cancellation at or prior to such date;
- (ii) Bonds deemed to be paid in accordance with Section 5.2 hereof;
- (iii) Bonds in lieu of which others have been authenticated under Sections 2.8 and 2.9 hereof; and
- (iv) For purposes of any consent, request, demand, authorization, direction, notice, waiver or other action to be taken by the Holders of a specified percentage of Outstanding Bonds hereunder, all Bonds held by or for the account of the Issuer, the Borrower or any Affiliate of the Borrower; provided, however, that for purposes of any such consent, request, demand, authorization, direction, notice, waiver or action the Trustee shall be obligated to consider as not being outstanding only Bonds known by the Trustee by actual written notice thereof to be so held; provided, further, that if all of the Bonds are at any time held by or for the account of the Borrower or any affiliate of the Borrower, then such Bonds shall be deemed to be Outstanding at such time for the purposes of this subparagraph (iv).

“Partnership Agreement” means the [Amended and Restated] Agreement of Limited Partnership of Elysium Grand, LP, dated October __, 2018, among the General Partner, the Special

Limited Partner, the Tax Credit Investor and _____, as withdrawing limited partner, as the same may be amended, modified or supplemented from time to time.

"PBGC" shall have the meaning ascribed to such term in Section 5.11 of the Loan Agreement.

"Permitted Encumbrances" means only:

- (i) the Ground Lease, as evidenced by the Memo of Ground Lease;
- (ii) the Regulatory and Land Use Restriction Agreement;
- (iii) §42 Extended Use Agreement
- (iv) the Mortgage;
- (v) the Assignment of Rents;
- (vi) liens created under Subordinate Debt Documents;
- (vii) for Impositions not yet due and payable or being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted if such proceedings do not in the opinion of the Controlling Person involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities, and provided that the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Controlling Person, and any foreclosure, distraint, sale or other similar proceedings shall have been effectively stayed;
- (viii) statutory liens of landlords and liens of carriers, warehouseman, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or being contested by appropriate proceedings promptly initiated and diligently conducted if (1) such proceedings do not in the opinion of the Controlling Person involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities, and provided (2) such liens have been bonded or the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Controlling Person; and
- (ix) the exceptions listed in the Title Policy and any other matters affecting title which are approved in writing by the Controlling Person.

"Permitted Investments" means any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein:

- (i) Bonds or other obligations of the United States;
- (ii) Bonds or other obligations, the payment of the principal and interest of which is unconditionally guaranteed by the United States;

(iii) Direct obligations issued by the United States or obligations guaranteed in full as to principal and interest by the United States or repurchase agreements with a qualified depository bank or securities dealers fully collateralized by such obligations, maturing on or before the date when such funds will be required for disbursement;

(iv) Obligations of state and local government and municipal bond issuers, which are rated investment-grade by either S&P or Moody's or other non-rated obligations of such issuers guaranteed or credit enhanced by a Person whose long-term debt or long-term deposits or other obligations are rated investment-grade by either S&P or Moody's;

(v) Prime commercial paper rated either "A-1" by S&P or "P-1" by Moody's and, if rated by both, not less than "A-1" by S&P and "P-1" by Moody's;

(vi) Bankers' acceptances drawn on and accepted by commercial banks;

(vii) Money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of AAAM-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.

(viii) Such other investments selected by the Borrower as may be authorized by applicable law and consented to by the Controlling Person, provided that the Trustee may require as a condition to the investment of funds under this clause (viii) there having first been delivered to the Trustee an opinion of counsel to the effect that investment is permitted under any applicable laws of the State.

The Trustee is not obligated to verify whether an investment is a legal investment under the applicable laws of the State.

"Permitted Transfer" means (i) a transfer by devise or descent or by operation of law upon the death of a direct or indirect owner in the Borrower, so long as such transfer does not result in a change of management or control of the affected entity, (ii) the transfer of a direct or indirect ownership interest in the General Partner for estate planning purposes, so long as such transfer does not result in a change of management or control of the General Partner, (iii) a transfer of limited partnership interests in Borrower to the Tax Credit Investor and/or the Special Limited Partner, (iv) a transfer of the limited partner interests of the Tax Credit Investor and/or the Special Limited Partner to an Affiliate of such Tax Credit Investor and/or the Special Limited Partner, (v) a transfer of the limited partner interests of the Tax Credit Investor and/or the Special Limited Partner in the Borrower to non-affiliates of such Tax Credit Investor and/or the Special Limited Partner with the prior written consent of the Controlling Person and the Controlling Person, (vi) a transfer of any shares or ownership interests in the Tax Credit Investor and/or the Special Limited Partner to an entity controlled by an affiliate of the Tax Credit Investor and/or the Special Member, (vii) transfers of any interests in the General Partner so long as the Guarantors, or one or more members of the Guarantors, controls the Borrower after such transfer occurs, (viii) the removal or replacement of the General Partner pursuant to the Partnership Agreement of the Borrower, (ix) after the payment in full of all capital contributions under the Borrower's Partnership Agreement, any other transfer, assignment, pledge, hypothecation or conveyance of limited partner interests in, or change in the limited partners of, the Borrower (and the owners of such limited partners) not

described above, in accordance with the terms of the Partnership Agreement of the Borrower; or (x) changes in officers of the sole member of the General Partner.

"Person" means any individual, for-profit or not-for-profit corporation, partnership, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Plans and Specifications" means, with respect to the Project Facilities, the plans and specifications for the construction of Improvements prepared by the Architect for the Project Facilities and more particularly identified on Schedule 5 attached to the Loan Agreement and approved by the Controlling Person, as the same may be amended, modified or supplemented as permitted under the Loan Agreement, through Change Orders or otherwise.

"Principal Payment Date" means any date on which principal is payable in respect of the Bonds, including (i) the first (1st) Business Day of each January, April, July and October, commencing October __, 2021, (ii) any other redemption date for the Bonds, and (iii) the Maturity Date for the Bonds.

"Principal Subcontract" means that certain subcontract relating to the construction of the Project Facilities dated ____, 20__, between Austin Affordable Housing Corporation and the Principal Subcontractor, as the same may be amended, modified or supplemented from time to time.

"Principal Subcontractor" means ____, a ____ organized and existing under the laws of the State of ____, together with its permitted successors and assigns.

"Project Costs" means the costs, fees, and expenses associated with the acquisition, construction, and equipping of the Project Facilities for use as affordable rental housing including but not limited to the cost of materials, appliances, equipment, and other items of tangible personal property, the fees and expenses of architects, contractors, engineers, attorneys, accountants, developers, surveyors, and the payment of certain costs and expenses incidental to the issuance of the Bonds.

"Project Facilities" means the approximately 7.1 acres of land and the residential rental development consisting of a total of ninety (90) units and related personal property and equipment, located in Austin, Travis County, Texas, and to be known as "Elysium Apartments;" the acquisition, construction and equipping of which are being financed in part by the proceeds of the Bonds.

"Project Fund" means the fund of that name created pursuant to Section 4.1(a) hereof.

"Proposed Budget" shall have the meaning given to such term in Section 6.24 of the Loan Agreement.

"Punchlist Items" means any items necessary at the time of the issuance of a temporary use and occupancy permit to complete fully the construction of the Project Facilities in accordance

with the Plans and Specifications for the Project Facilities, or required for the issuance of a final certificate of occupancy or its equivalent.

"Purchase Agreement" means the Bond Purchase Agreement, dated the Issue Date, by and among the Issuer, the Borrower and _____, as underwriter, relating to the initial sale of the Bonds.

"Qualified Project Costs" means the actual costs incurred to acquire, construct and equip the Project Facilities which (i) are or were incurred after _____, 2018, (ii) are (A) chargeable to the Project Facilities' capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(I), and if charged or chargeable to the Project Facilities' capital account are or would have been deducted only through an allowance for depreciation, or (B) made for the acquisition of land, to the extent allowed in Section 147(c) of the Code, and (iii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code.

"Qualified Project Period" shall have the meaning given to such term in the Regulatory and Land Use Restriction Agreement.

"Rebate Amount" shall have the meaning given to such term in Section 1.148-1(b) of the Regulations.

"Rebate Analyst" shall mean an independent accounting firm, law firm or financial advisory firm that is experienced in making rebate calculations and that is selected by the Borrower and is acceptable to the Issuer and the Controlling Person.

"Rebate Fund" means the fund of that name created pursuant to Section 4.1(a) hereof.

"Rebate Report" shall have the meaning given to such term in Section 6.10(d) of the Loan Agreement.

"Rebate Year" means each one-year period that ends on the anniversary of the Issue Date and on the Maturity Date or date of earlier payment in full of the Tax-Exempt Bonds.

"Record Date" means with respect to each Interest Payment Date, the Trustee's close of business on the day before such Interest Payment Date occurs, regardless of whether such day is a Business Day.

"Redemption Fund" means the account of that name created pursuant to Section 4.1(a) hereof.

"Register" means the register of the record Holders of Bonds maintained by the Trustee.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Regulatory Agreement Default” shall have the meaning given to such term in Section 7.9(b) of the Loan Agreement.

“Regulatory and Land Use Restriction Agreement” means the Regulatory and Land Use Restriction Agreement, dated as of November 1, 2018, among the Issuer, the Trustee and the Borrower, as the same may be amended, modified or supplemented from time to time.

“Related Person” with reference to any Substantial User, means a “related person” within the meaning of Section 147(a)(2) of the Code.

“Rents” shall have the meaning given to such term in the Mortgage.

“Repayments” means all payments of principal of and premium and interest on the Loan required to be paid by the Borrower to the Trustee, as the assignee of the Issuer, pursuant to the Loan Agreement.

“Replacement Reserve Agreement” shall have the meaning given to such term in Section 3.1 of the Loan Agreement.

“Replacement Reserve Fund” means the fund of that name created pursuant to Section 4.1(a) hereof, into which funds will be deposited following Stabilization.

“Required Equity Funds” means \$[3,184,369], comprised of five (5) separate installments of equity contributions to be made to the Borrower by the Tax Credit Investor, subject to and in accordance with the terms of the Borrower’s Partnership Agreement.

“Requisition” means a requisition in the form attached as Exhibit E to the Loan Agreement, together with all invoices, bills of sale, schedules, applications for payments, certifications and other submissions required for the disbursement of funds from the Project Fund pursuant to the terms hereof and of the Loan Agreement.

“Reserved Rights” of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification under any of the Bond Documents including pursuant to Sections 2.5, 9.5 and 9.12(d) of the Loan Agreement; (b) all rights of the Issuer to receive notices, reports and other statements, and to make any determination and grant any approval or consent to anything in any Bond Document requiring the determination, consent or approval of the Issuer; (c) all rights of the Issuer to access the Project Facilities and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Regulatory and Land Use Restriction Agreement; (d) any and all rights, remedies, and limitations of liability of the Issuer set forth in this Indenture and any other Bond Document regarding: (1) the negotiability, registration, and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer, including pursuant to Section 4.2 of the Loan Agreement, (4) no liability of the Issuer to third parties, including pursuant to Section 4.2 of the Loan Agreement, (5) disclaimers of warranty by the Issuer, including pursuant to Section 4.1 of the Loan Agreement or Section 3.8 herein, (6) all rights of the Issuer in connection with any amendment to or modification of any Bond Document, and (7) any of the Issuer’s rights to inspect and audit the books, records and permits of the Borrower and the Project Facilities.

"Retainage" means a holdback of ten percent (10%) of the hard costs of construction of the Improvements under each contract or subcontract until fifty percent (50%) completion and zero percent (0%) thereafter.

"Sale" means the direct or indirect sale, agreement to sell, assignment, transfer, conveyance, hypothecation, lien, mortgage, grant of a security interest in or a deed to secure debt or deed of trust with respect to, encumbrance, lease, sublease or other disposition of the Project Facilities, or any part thereof or interest therein whether voluntary, involuntary, by operation of law or otherwise, other than (i) the leasing of individual residential units to tenants, and (ii) the grant of easements for utilities and similar purposes in the ordinary course provided, such easements do not impair the use of the Project Facilities or diminish the value of the Project Facilities. "Sale" shall also include the direct or indirect sale, transfer, assignment, pledge, hypothecation or conveyance of legal or beneficial ownership of (a) equity ownership interests in the Borrower, (b) a controlling interest in the aggregate, at any time or times, of the equity ownership interests in the General Partner, or (c) the substitution of a new general partner in the Borrower without the Controlling Person's written consent, which it may withhold in its sole discretion; provided, however, that "Sale" shall not include a Permitted Transfer.

"S&P" means Standard & Poor's Ratings Services, a division of Standard & Poor's Financial Services LLC, a limited liability company organized and existing under the laws of the State of New York, its successors and assigns and, if such company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Controlling Person, by written notice to the Borrower, the Issuer and the Trustee.

"Secondary Market Transaction" shall have the meaning given to such term in Section 9.12(a) of the Loan Agreement.

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

"Securities Depository Nominee" means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Register the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book-Entry System.

"Securities" shall have the meaning given to such term in Section 10.12(a) of the Loan Agreement.

"Security" shall have the meaning given to such term in the Granting Clauses hereof.

"Security Interest" or "Security Interests" means the security interests created herein and shall have the meanings set forth in the UCC.

"Class B Special Limited Partner" means Elysium Grand SLP, LLC, a Texas limited liability company organized and existing under the laws of the State of Texas, in its capacity as

Class B special limited partner of the Borrower, together with its successors and assigns in such capacity.

"Stabilization" means the point at which (i) the Improvements have been ninety percent (90%) occupied by qualified tenants meeting the requirements of the Bond Documents in each of the prior three (3) consecutive months; (ii) the ratio of Stabilized NOI in the most recent three (3) consecutive months in the aggregate to maximum principal, interest, and Issuer Administration Fee and Expenses payable in any three (3) month period (other than the interest only period or the period in which the Maturity Date occurs) on the amount of Bonds Outstanding equals or exceeds 1.15 to 1.0; (iii) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default shall have occurred and be then continuing under the Bond Documents; (iv) the Project Facilities shall have achieved Final Completion; (v) the Borrower shall have deposited an amount no less than \$509,067, or such other amount as approved by the Controlling Person, in the Operating Reserve Fund; (vi) there shall have been deposited in the Tax and Insurance Escrow Fund the amount required by Section 8.2(a) of the Loan Agreement; and (vii) the Borrower shall have paid the Stabilization fee due and owing under Section 2.2(f) of the Loan Agreement; all as determined or approved by the Controlling Person.

"Stabilization Date" means [September __, 2021], the date that is thirty-six (36) months after the date of issuance of the Bonds; provided, that, at the written request of the Borrower and with the prior written approval of the Controlling Person, the Stabilization Date may be extended for six (6) months or such lesser period in as the Controlling Person may approve in its sole discretion, upon delivery of (i) such information and funds as may be reasonably requested by the Controlling Person or the Majority Owner, and (ii) an extension fee equal to twenty-five (25) basis points multiplied by the original principal amount of the Bonds to the Controlling Person; and provided further that the Borrower shall have a period of not more than forty-five (45) days following the Stabilization Date to submit the form of Stabilization certificate and the necessary supporting documentation evidencing the achievement of Stabilization before an Event of Default shall occur as a result of the failure to achieve Stabilization.

"Stabilized NOI" means, as determined or approved by the Controlling Person, for any period, (x) Effective Gross Revenues for such period, less (y) Expenses (other than mandatory debt service) for such period.

"State" means the State of Texas.

"Subordinate Debt" means that certain subordinate loan in the original principal amount of \$3,320,000 from the Austin Housing Finance Corporation to the Borrower.

"Subordinate Debt Documents" means the documents evidencing, securing or related to the Subordinate Debt, as the same may be amended, modified or supplemented from time to time, all in form and substance satisfaction to the Controlling Person.

"Subordination Agreement" means that certain Subordination Agreement dated November __, 2018, among, the Trustee, the Borrower and Austin Housing Finance Corporation, as lender of the Subordinate Debt, as the same may be amended, modified or supplemented from time to time.

"Substantial User" means, with respect to any "facilities" (as the term "facilities" is used in Section 144(a) of the Code), a "substantial user" of such "facilities" within the meaning of Section 147(a) of the Code.

"Surplus Bond Proceeds" means all moneys and any unliquidated investments remaining in the Tax-Exempt Bond Proceeds Subaccount of the Bond Proceeds Account of the Project Fund upon Final Completion and after payment in full of the Project Costs (except for proceeds of the Tax-Exempt Bonds being retained to pay for Project Costs not then due and payable for which the Trustee shall have retained amounts pursuant to the Loan Agreement).

"Surplus Fund" means the fund of that name created pursuant to Section 4.1(a) hereof.

"Tax and Insurance Escrow Fund" means the fund of that name created pursuant to Section 4.1(a) hereof.

"Tax Certificate" means the Federal Tax Certificate executed by the Issuer and Borrower and delivered on the Issue Date, as the same may be amended, modified or supplemented from time to time.

"Tax Credit Investor" means _____, a _____ organized and existing under the laws of the State of _____, in its capacity as limited partner of the Borrower, together with its successors and assigns in such capacity.

"Third Party Costs" means the ongoing fees of the Issuer, the Trustee, a Rebate Analyst or any other third party in connection with the Bonds.

"Title Company" means Stewart Title Guaranty Company.

"Title Policy" means the mortgagee's title insurance policy relating to the Project Facilities issued by the Title Company to the Trustee, effective on the date of recording of the Mortgage, as the same may be subsequently down-dated or endorsed from time to time, with the approval of the Controlling Person.

"Title Report" means that certain commitment and underlying exception documents, number _____ by the Title Company, dated October __, 2018.

"Trustee" shall have the meaning given to such term in the first paragraph of this Indenture.

"Trustee Fees and Expenses" means the expenses and disbursements payable to the Trustee under this Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by counsel to the Trustee which are to be paid by the Borrower pursuant to Section 2.2 of the Loan Agreement. The Trustee Fees and Expenses shall also include reasonable fees and expenses, including but not limited to: (i) \$8,000.00 payable on the Issue Date; (ii) an annual fee of \$5,000.00 due each November 1; and (iii) an annual continuing disclosure fee of \$500.00 due each November 1. The Trustee shall have the right to increase its fees as the cost of business dictates and as negotiated with the Issuer or Borrower. The obligation

to pay the Trustee Fees and Expenses shall survive the payment in full of the principal and interest of the outstanding securities or removal or resignation of the Trustee.

“UCC” means the Uniform Commercial Code of the State as now in effect or hereafter amended.

“Underwriter Group” shall have the meaning given to such term in Section 10.12 of the Loan Agreement.

“VASH Contract” means the Veterans Affairs Supportive Housing Contract dated _____, 2018, between the Borrower and HUDs, as the same may be amended, modified or supplemented from time to time.

“Work” means the items of construction of the Improvements required to be performed under the Plans and Specifications for the Improvements.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations, and (2) the Tax-Exempt Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

Section 1.2 Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) All terms defined in the Loan Agreement and not defined herein shall have the meaning given to such terms in the Loan Agreement.

(b) Words importing the singular number shall include the plural number and vice versa.

(c) The table of contents, captions, and headings herein are for convenience of reference only and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.

(d) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

(e) All references in this Indenture to particular Articles or Sections are references to Articles or Sections of this Indenture, unless otherwise indicated.

ARTICLE II. THE BONDS

Section 2.1 Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article II. The total principal amount of Tax-Exempt Bonds that may be issued and Outstanding hereunder is expressly limited to \$10,000,000. The Tax-Exempt Bonds shall be designated “Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018A.” The total principal amount of Taxable Bonds that may be issued and Outstanding hereunder is expressly limited to [\$_____]. The Taxable Bonds shall be designated “Austin

Housing Finance Corporation Taxable Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018B"

Section 2.2 Issuance of Bonds.

(a) The Bonds shall bear interest from the Issue Date until paid or exchanged, as applicable, at the rate set forth in Section 2.3 hereof computed on the basis set forth in the form of the Bonds, and the Bonds shall mature, unless sooner paid, on the Maturity Date, on which date all unpaid principal of and interest on the Bonds shall be due and payable.

(b) The Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations only. Except for the Initial Bonds which shall be numbered T-1 for the initial Tax-Exempt Bond and TT-1 for the Taxable Bond, the Bonds shall be numbered from R-1 upwards for the Tax-Exempt Bonds and RT-1 upwards for the Taxable Bonds, in each case bearing numbers not then contemporaneously outstanding (in order of issuance) according to the records of the Trustee.

(c) The Bonds shall be dated the Issue Date and initially issued as provided herein and in the written instructions from the Issuer, for the purpose of making the Loan by depositing the purchase price, or installments thereof, in the various Accounts established hereunder. Interest on the Bonds shall be computed from the most recent Interest Payment Date to which interest has been paid or duly provided for or if no interest has been paid or provided for, from the Issue Date. The Bonds shall mature on the Maturity Date, on which date all unpaid principal of, premium, if any, and interest on the applicable Bonds shall be due and payable. The Bonds are subject to mandatory sinking fund redemption as provided in Section 2.12(c) hereof.

(d) The principal of, premium, if any, and interest on the Bonds shall be payable in lawful currency of the United States. The principal of and premium, if any, on the Bonds shall be payable at the operations office of the Trustee upon presentation and surrender of the Bonds (or, in the case of Bonds that are administered in the Book-Entry System, will be paid by wire transfer of immediately available funds to the accounts specified by Securities Depository); provided, however, that Bonds need not be presented for payment upon redemption pursuant to Section 2.12(c) of this Indenture. Payments of interest on the Bonds will be mailed to the persons in whose names the Bonds are registered on the Register at the close of business on the Record Date next preceding each Interest Payment Date; provided that, any Holder of a Bond or Bonds in an aggregate principal amount of not less than \$250,000 may, by prior written instructions filed with the Trustee at least thirty (30) days prior to the record date (which instructions shall remain in effect until revoked by subsequent written instructions), instruct that interest payments be made by wire transfer to an account in the continental United States or other means acceptable to the Trustee.

Section 2.3 Interest Rate on Bonds. The Bonds shall bear interest at the Bond Coupon Rate from the Issue Date to the date of payment in full of the Bonds, calculated in the manner set forth in the form of the Bonds. Interest accrued on the Bonds shall be paid on each Interest Payment Date and on the Maturity Date and any date of redemption prior to the Maturity Date; provided however, that in the event that principal of or interest payable on the Bonds is not paid when due or upon the occurrence and during the continuance of any other Event of Default (provided that the Controlling Person shall have no obligation to accept a cure of any Event of Default) there shall be payable on the Bonds or on any amount not timely paid, interest at the Default Rate, as more fully set forth in Section 6.8 hereof.

Section 2.4 Execution; Limited Obligation.

(a) The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Executive of the Issuer. In case any officer whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such manual or facsimile signatures shall nevertheless be valid and sufficient for all purposes.

(b) The Bonds shall be limited obligations of the Issuer. The principal of the Bonds and the interest and premium, if any, thereon shall not be deemed to constitute or create an indebtedness, liability or obligation of the Issuer, the State or any political subdivision or agency thereof within the meaning of any State constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the State or any such political subdivision or agency. The principal of the Bonds and the premium, if any, and interest thereon are payable solely from and secured by the Security, all as described in and subject to limitations set forth in this Indenture, for the equal and ratable benefit of the Holders (except as otherwise herein provided), from time to time, of the Bonds.

Section 2.5 Certificate of Authentication. No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of registration of the Comptroller with respect to the Initial Bond and a certificate of authentication of the Trustee with respect to the definitive Bonds, substantially in the form as set forth in the form of Bond referred to in Section 2.6 hereof, executed by an authorized representative of the Comptroller or the Trustee, as applicable, and such certificate on any Bond issued by the Issuer shall be conclusive evidence and the only competent evidence that it has been duly registered, authenticated and delivered hereunder.

Section 2.6 Forms of Bonds.

(a) The Tax-Exempt Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the form set forth as Exhibit A-1 hereto, and the Taxable Bonds, the Trustee's certificate of authentication and the form of assignment shall be substantially in the form set forth as Exhibit A-2 hereto, in each case with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officer of the Issuer executing such Bonds, as evidenced by such officer's execution of the Bonds.

(b) Bonds shall be in either typewritten or printed form, as the Borrower shall direct, on behalf of the Issuer, with written approval of the Trustee. Any expenses, including but not limited to expenses of printing, incurred in connection with the preparation of the form of the Bonds shall be paid by the Borrower.

Section 2.7 Delivery of Bonds.

(a) Upon the execution and delivery hereof and the delivery of the purchase price therefor, the Issuer shall execute the Bonds and deliver them to the Trustee.

(b) Prior to the authentication and delivery by the Trustee of the Bonds, there shall be filed with the Trustee:

- (i) Certified copies of all resolutions adopted and proceedings had by the Issuer authorizing execution of this Indenture, the Loan Agreement and the other Bond Documents to which the Issuer is a party, and the issuance of the Bonds; and
 - (ii) An original executed counterpart of each of the Bond Documents (and, with respect to the Note, endorsed without recourse by the Issuer to the Trustee); and
 - (iii) Copies of any Financing Statements required to be filed to perfect the security interests in the Security or under Section 3.2 of the Loan Agreement; and
 - (iv) A request and authorization (which may be part of a certificate of the Issuer) to the Trustee on behalf of the Issuer to deliver the Bonds to the purchaser identified upon payment to the Trustee for the account of the Issuer of a specified sum and payment of the costs of issuance of the Bonds; and
 - (v) An original executed counterpart of the Tax Certificate; and
 - (vi) An Opinion of Bond Counsel or counsel to the Issuer to the effect that this Indenture, the Loan Agreement, the Regulatory and Land Use Restriction Agreement, the endorsement to the Note, the Tax Certificate and the Purchase Agreement have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer; and
 - (vii) An approving Opinion of Bond Counsel that the Bonds have been duly authorized and validly issued, that this Indenture creates a valid lien on the Security, that interest on the Tax-Exempt Bonds will be excludable from gross income of the Holders thereof for federal income tax purposes and is not an item of tax purposes of the federal alternative minimum tax, that the Bonds are not required to be registered under the Securities Act of 1933, as amended, and that the Indenture need not be qualified under the Trust Indenture Act of 1939, as amended; and
 - (viii) An opinion of Counsel for the Borrower to the effect that the Continuing Disclosure Agreement and the Bond Documents to which it is a party have been duly authorized, executed and delivered by the Borrower and are legal, valid and binding agreements of the Borrower and such other opinions as are required by the Purchase Agreement or reasonably requested by the Controlling Person or the Majority Owner; and
 - (ix) A pro forma title insurance policy reasonably acceptable to the Controlling Person; and
 - (x) Reliance letters for, or address of the opinions to, the Controlling Person and Majority Owner of each of the opinions filed with the Trustee; and
 - (xi) Such other documents, opinions and certificates as may be required by the Issuer, the Trustee, Bond Counsel, the Majority Owner or the Controlling Person. The Trustee shall deem the requirements of this subsection (xi) satisfied upon delivery of the Opinions of Bond Counsel referenced in Sections 2.7(b)(vi) and 2.7(b)(vii) to the Trustee.
- (c) Upon receipt of the foregoing, the Trustee shall authenticate and deliver the Bonds through the Securities Depository in the manner described in Section 2.14(a) of this Indenture, as provided in the written request and authorization of the Issuer to the Trustee.

Section 2.8 Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond of the same series, maturity, interest rate, principal amount and tenor, in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided, that there shall be first furnished to the Trustee evidence satisfactory to it and the Issuer of the ownership of such Bond and of such loss, theft or destruction (or, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee), together with indemnity satisfactory to the Trustee and the Issuer and compliance with such other reasonable regulations as the Issuer and the Trustee may prescribe. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Issuer may pay the same without surrender thereof. The Issuer and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in connection with this Section 2.8.

Section 2.9 Exchangeability and Transfer of Bonds; Persons Treated as Owners.

(a) The Register and all other records relating to the registration of the Bonds and for the registration of transfer of the Bonds as provided herein shall be kept by the Trustee.

(b) Any Holder of a Bond, in person or by his/her duly authorized attorney, may transfer title to his/her Bond on the Register upon surrender thereof at the operations office of the Trustee, by providing the Trustee with a written instrument of transfer (in substantially the form of assignment attached to the Bond) executed by the Holder or such Holder's attorney, duly authorized in writing and thereupon, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds in the same aggregate principal amount, series and tenor as the Bond surrendered (or for which transfer of registration has been effected) and of any Authorized Denomination or Authorized Denominations.

(c) Bonds may be exchanged upon surrender thereof at the operations office of the Trustee with a written instrument of transfer satisfactory to the Trustee executed by the Holder or such Holder's attorney duly authorized in writing, for an equal aggregate principal amount of Bonds of the same series and tenor as the Bonds being exchanged and of any Authorized Denomination or Authorized Denominations. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds that the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

(d) Such registrations of transfer or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Trustee for any such registration of transfer or exchange and all reasonable expenses of the Issuer shall be paid by the Borrower.

(e) 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 the Bonds shall be made only to or upon the order of the registered owner thereof or his/her duly authorized attorney, but such registration may be changed as hereinabove provided. 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 so paid.

(f) All Bonds issued upon any registration of transfer or exchange of Bonds shall be legal, valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to

the same security and benefits under this Indenture, as the Bonds surrendered upon such registration of transfer or exchange.

(g) Notwithstanding the foregoing, for so long as the Bonds are held under the Book-Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository, as more fully described in Section 2.14 hereof.

Section 2.10 Non-Presentation of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal of, premium, if any, and interest on such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, payment of such Bond or portion thereof as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to any applicable escheat laws, to hold such fund or funds uninvested in the Bond Fund, without liability to the Holder of such Bond for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his/her part on, or with respect to, said Bond, or portion thereof.

Section 2.11 Ratably Secured. Except as herein otherwise provided, all Bonds issued hereunder are and are to be equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication, delivery or maturity of the Bonds so that subject as aforesaid, all Bonds at any time Outstanding shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date.

Section 2.12 Redemption of Bonds.

(a) **Optional Redemption of Bonds.**

(i) The Tax-Exempt Bonds are subject to optional redemption in whole, but not in part, at the direction of the Borrower upon not less than forty-five (45) days written notice to the Trustee and the Controlling Person (which notice shall be unconditional and irrevocable), on any Interest Payment Date occurring (1) on or after January 1, 2029, at a redemption price equal to one hundred and one percent (101%) of the principal amount thereof, plus the amount of any termination or breakage fees or prepayment penalties owed under any financing facilities or hedging arrangements in respect of the Bonds, plus accrued interest thereon to, but not including, the redemption date, and (2) from and often on or after January 1, 2033, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon to, but not including, the redemption date. The Controlling Person, upon request, shall provide the Borrower, with 2 copies to the Trustee, with the amount of any termination or breakage fees or prepayment penalties owed under any financing facilities or hedging arrangements in respect of the Bonds for purposes of determining the redemption price of the Tax-Exempt Bonds under Section 2.12 (a)(i)(1).

(ii) The Taxable Bonds are subject to optional redemption [in whole or in part] [in whole but not in part], at the direction of the Borrower upon not less than forty-five (45) days written notice to the Trustee and the Controlling Person (which notice shall be unconditional and irrevocable), on any Interest Payment Date [occurring on or after ____ 1,

20__] at a redemption price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon to, but not including, the redemption date.

(b) Mandatory Redemption of Bonds.

(i) The Tax-Exempt Bonds are subject to mandatory redemption in part from, and to the extent of, amounts on deposit in the Surplus Fund (subject to Section 4.4 hereof) on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture, following the deposit of Surplus Bond Proceeds in the Surplus Fund at a redemption price equal to one hundred percent (100%) of the principal amount of the Tax-Exempt Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(ii) The Bonds are subject to mandatory redemption in whole or in part on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project Facilities are deposited in the Project Fund and are not to be used to repair or restore the Project Facilities at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date. Such Insurance Proceeds and Condemnation Awards shall be applied [first to redeem the Tax-Exempt] [equally and ratably to redeem the Bonds of each series].

(iii) On or after the forty-fifth (45th) day following the Stabilization Date and upon at least five (5) Business Days' written notice thereof from the Controlling Person to the Trustee, the Borrower and the Majority Owner, the Taxable Bonds are subject to mandatory redemption in part on the Interest Payment Date and in the amount as specified by the Controlling Person necessary to cause the Project Facilities to meet the requirements of clause (ii) of the definition of "Stabilization," if the Project Facilities have not achieved Stabilization by the Stabilization Date, at a redemption price equal to one hundred percent (100%) of the principal amount of the Taxable Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(iv) The Bonds are subject to extraordinary mandatory redemption in whole or in part, at the direction of the Controlling Person to the Trustee and the Borrower, at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture following receipt by the Trustee of the written direction of the Controlling Person, which direction shall specify which series of Bonds are to be redeemed and in what amounts, within one hundred eighty (180) days of the occurrence of any of the following events:

(1) the Project Facilities shall have been damaged or destroyed to such an extent that in the judgment of the Controlling Person (A) it cannot reasonably be restored within a period of twelve (12) consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Borrower is thereby prevented from carrying on its normal operations at the Project Facilities for a period of twelve (12) consecutive months, or (C) it would not be economically feasible for the Borrower to replace, repair, rebuild or restore the same;

(2) title in and to, or the temporary use of, all or substantially all of the Project Facilities shall have been taken under the exercise of the power of eminent domain by any Governmental Authority or any Person acting under Governmental Authority (including such a taking as, in the judgment of the Controlling Person, results in the Borrower being prevented thereby from carrying on its normal operations at the Project Facilities for a period of twelve (12) consecutive months);

(3) as a result of any changes in the Constitution of the State, or the Constitution of the United States of America or by legislative or administrative action (whether state or federal) or by final decree, judgment, decision or order of any court or administrative body (whether state or federal), any material provision of the Loan Agreement or the other Bond Documents shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein in each case as determined by the Controlling Person;

(4) unreasonable burdens or excessive liabilities shall have been imposed on the Borrower with respect to the operations of the Project Facilities, including, without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Indenture that, in the judgment of the Controlling Person, render the continued operation of the Project Facilities uneconomical;

(5) changes which the Borrower cannot reasonably control or overcome in the economic availability of materials, supplies, labor, equipment and other properties and things necessary for the efficient operation of the Project Facilities for the purposes contemplated by the Loan Agreement shall have occurred or technological changes that the Borrower cannot reasonably overcome shall have occurred that, in the judgment of the Controlling Person, render the continued operation of the Project Facilities uneconomical;

(6) legal curtailment of the Borrower's use and occupancy of all or substantially all of the Project Facilities for any reason other than that set forth in (2) above, which curtailment shall, in the judgment of the Controlling Person, prevent the Borrower from carrying on its normal operations at the Project Facilities for a period of twelve (12) consecutive months; or

(7) the Loan Agreement is terminated prior to its expiration for any reason, including the occurrence of an Event of Default under the Loan Agreement.

(v) The Tax-Exempt Bonds are subject to mandatory redemption in whole at a redemption price equal to one hundred percent (100%) of the principal amount of the Tax-Exempt Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, on the first Interest Payment Date for which notice of redemption can be given in accordance with this Indenture within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if mandatory redemption on account of a Determination of Taxability of less than all the Tax-Exempt Bonds would result, in the opinion of Bond Counsel, in the interest on the Tax-Exempt Bonds Outstanding following such mandatory redemption being excludable from the gross income of the Holders of such Tax-Exempt Bonds Outstanding, then the Tax-Exempt Bonds are subject to mandatory

redemption upon the occurrence of a Determination of Taxability in the amount specified in such opinion, provided that such redemption must be in an Authorized Denomination.

(vi) The Bonds are subject to mandatory redemption in whole on any Interest Payment Date specified by the Controlling Person on or after January 1, 2034, if the Controlling Person directs redemption by providing notice to the Borrower, the Trustee and the Issuer at least one hundred eighty (180) days prior to the Interest Payment Date specified in such notice on which the Bonds are to be redeemed, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus interest accrued thereon to, but not including, the redemption date. The direction of the Controlling Person to redeem the Bonds shall be irrevocable and shall be binding on the Holders of all of the Bonds and on any transferee(s) of such Holders.

(c) Mandatory Sinking Fund Redemption. The Bonds are subject to mandatory sinking fund redemption in part on each Principal Payment Date, from amounts paid by the Borrower to the Trustee for deposit into the Redemption Fund pursuant to Sections 2.3(d) and 8.3 of the Loan Agreement (in the amounts and from the series set forth on Schedule 3 of the Loan Agreement), at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date.

(d) Selection of Bonds to be Redeemed. The determination of which series of the Bonds is to be redeemed shall be made as set forth above in Sections 2.12(a), (b) and (c). Within each series, if less than all of the Outstanding Bonds shall be of each series called for redemption, the Trustee or, if the Bonds are held in the Book-Entry System, the Securities Depository, shall select or arrange for the selection of Bonds to be redeemed, pursuant to its rules and procedures, in Authorized Denominations, as necessary to effect a pro rata pass-through distribution of principal; provided that, any Bond or portion thereof remaining Outstanding shall be in an Authorized Denomination. If the Bonds are held in the Book-Entry System, the Securities Depository shall, acting pursuant to its rules and procedures, reflect in said system the partial redemption and the Trustee shall either (i) exchange the Bond or Bonds of the same series held by the Securities Depository for a new Bond or Bonds in the appropriate principal amount, if such Bond is presented to the Trustee by the Securities Depository, or (ii) obtain from the Securities Depository pursuant to the applicable procedures of DTC and the operations office of the Trustee a written confirmation of the reduction in the principal amount of the Bonds of the series being redeemed held by such Securities Depository.

(e) Partial Redemption of Bonds; Reamortization. In case part but not all of a Bond shall be selected for redemption, upon presentation and surrender at the operations office of the Trustee of such Bond by the Holder thereof or his attorney duly authorized in writing (with due endorsement for transfer or accompanied by written instrument of transfer, guaranteed and otherwise in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Holder, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds, at the option of such Holder, of any Authorized Denomination of the same series and of like tenor, or if less than the minimum Authorized Denomination, an amount necessary to equal the unredeemed portion of the principal amount of such Bond; provided, however, such surrender of Bonds shall not be required for payment of the redemption price pursuant to Section 2.12(c) hereof. For all purposes of this Indenture (including exchange and transfer), the Bond so issued in less than a minimum Authorized Denomination shall be deemed to have been issued in an Authorized Denomination. Bonds so presented and surrendered shall be canceled in accordance with this Indenture. In the event of a partial redemption of Bonds other than pursuant to Section 2.12(c),

and subject to a Favorable Opinion of Bond Counsel, the mandatory sinking fund schedule set forth on Schedule 3 of the Loan Agreement shall be adjusted to provide for level debt service in respect of the Bonds remaining Outstanding after such partial redemption, on the basis of a forty (40) year amortization schedule, commencing on the date which is thirty-six (36) months after the Issue Date. The Controlling Person shall provide the Trustee and the Borrower with a new Schedule 3 reflecting such adjustment promptly following any such partial redemption.

(f) **Redemption Price.** Other than as described in and Section 2.12 (a)(i)(2) and Section 6.8 hereof, any redemption of Bonds shall be at a redemption price equal to one hundred percent (100%) of the principal amount of Bonds to be redeemed plus interest accrued thereon to, but not including, the redemption date, without premium, penalty or charge.

(g) **Right of Borrower to Purchase Bonds In Lieu of Redemption.** Subject to delivery of a Favorable Opinion of Bond Counsel, provided that such opinion shall not be required if the Tax-Exempt Bonds are held by a Substantial User or Related Person to a Substantial User, the Borrower shall have the option, by written notice to the Trustee and the Controlling Person given not less than five (5) Business Days (forty-five (45) days in case of a redemption pursuant to Section 2.12(b)(vi) hereof), in advance of any redemption date, to cause the purchase of the Bonds in lieu of redemption on the redemption date. The purchase price of the Bonds so purchased in lieu of redemption shall be paid with funds provided by the Borrower, shall be equal to the redemption price thereof (including and applicable premium) and shall be payable on the redemption date. Bonds so purchased in lieu of redemption shall be registered to or upon the direction of the Borrower.

Section 2.13 Notice of Redemption. Notice of redemption shall be placed in the mail by the Trustee by first-class mail, postage prepaid, at least thirty (30) days before the redemption date to each Holder of the Bonds to be redeemed in whole or in part at his/her last address appearing on the Register, with a copy to the Controlling Person, but no defect in or failure to give such notice of redemption shall affect the validity of the redemption; provided, however, that no notice of redemption shall be required for mandatory sinking fund redemption pursuant to Section 2.12(c) hereof. All Bonds properly called for redemption and for which funds to pay the redemption price have been deposited with the Trustee will cease to bear interest on the date fixed for redemption; and, thereafter, the Holders of such Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Bond of the same series and of like tenor for any portion not redeemed. Notwithstanding the foregoing, with respect to any Bonds held under the Book Entry System, notices of redemption shall be provided in accordance with the rules and procedures established by the Securities Depository, as more fully described in Section 2.14 hereof.

Section 2.14 Book-Entry System.

(a) On the Issue Date, a single Tax-Exempt Bond in the original aggregate principal amount of the Tax-Exempt Bonds and a single Taxable Bond in the original aggregate principal amount of the Taxable Bonds, each registered in the name of the Securities Depository Nominee will be issued and deposited with the Securities Depository and held in its custody. The Book-Entry System will be maintained by the Securities Depository and the DTC Participants and Indirect Participants and will evidence beneficial ownership of the Bonds in Authorized Denominations, with registration of transfers of ownership effected on the records of the Securities Depository, the DTC Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the DTC Participants and the Indirect Participants. The principal of and premium, if any, and interest on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Register as the registered Holder of such Bond or his/her

registered assigns or legal representative at the operations office of the Trustee. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the Holder of the Bonds for all purposes. Transfer of principal, premium, if any, and interest payments or notices to DTC Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfer of principal, premium, if any, and interest payments or notices to Beneficial Owners will be the responsibility of the DTC Participants and the Indirect Participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the DTC Participants or the Indirect Participants. While the Securities Depository Nominee or the Securities Depository, as the case may be, is the registered owner of the Bonds, notwithstanding any other provisions set forth herein, payments of principal of and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of said Holder as may be specified in the Register maintained by the Trustee or by such other method of payment as the Trustee may determine to be necessary or advisable with the concurrence of the Securities Depository.

(b) If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds, or (ii) the Borrower, on behalf of the Issuer, with the written consent of the Trustee and the Controlling Person, elects to remove the Securities Depository, then the Borrower, on behalf of the Issuer, with the written consent of the Trustee and the Controlling Person may appoint a new Securities Depository and shall do so if the Controlling Person so directs.

(c) If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds or has been removed and the Borrower fails to appoint a new Securities Depository, (ii) the Controlling Person or the Borrower, with the written consent of the Trustee and the Controlling Person (in the case of the Borrower's election), determines that continuation of a Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect the interests of the Beneficial Owners of the Bonds, or (iii) pursuant to the consent and written direction of the Holders of one hundred percent (100%) of the principal amount of the Bonds Outstanding, the Book-Entry System will be discontinued, in which case the Trustee will deliver replacement Bonds in the form of fully registered certificates in Authorized Denominations in exchange for the Outstanding Bonds as required by the Trustee and the Beneficial Owners of the Bonds.

ARTICLE III. SECURITY

Section 3.1 Security. The Bonds and the premium, if any, and interest thereon shall be limited obligations of the Issuer as provided in Section 10.9 hereof, and shall be secured by and payable from the Security pledged and assigned to the Trustee by the Issuer pursuant to the Granting Clauses hereof.

Section 3.2 Payment of Bonds and Performance of Covenants. The Issuer shall promptly pay, but only out of the Security, the principal of, premium, if any, and interest on the Bonds at the place, on the dates and in the manner provided in the Bonds. The Issuer shall promptly perform and observe all covenants, undertakings and obligations set forth herein, in the Bonds or in the other Bond Documents to which the Issuer is a party on its part to be performed or observed. The Issuer shall fully cooperate with the Trustee in the enforcement by the Trustee of any such rights granted to the Issuer under the Loan Agreement and the other Bond Documents to which the Issuer is a party.

Section 3.3 Authority. The Issuer represents and warrants that (i) it is duly authorized under the laws of the State to issue the Bonds, and to execute, deliver and perform the terms of the Loan

Agreement and this Indenture; (ii) all action on its part for the issuance of the Bonds and execution and delivery of the Bond Documents to which it is a party has been duly taken; (iii) the Bonds, upon issuance and authentication, and the Bond Documents to which it is a party upon delivery, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, shall be valid and enforceable obligations of the Issuer in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and general equitable principles; (iv) it has not heretofore conveyed, assigned, pledged, granted a security interest in or otherwise disposed of the Security; (v) it has not received any payments under the Loan Agreement; (vi) without making any independent investigation, it has no knowledge of any right of set-off, defense or counterclaim to payment or performance of the terms or conditions of the Loan Agreement; (vii) the execution, delivery and performance of the Bond Documents to which it is a party and issuance of the Bonds are not in contravention of law or any agreement, instrument, indenture or other undertaking to which it is a party or by which it is bound; and (viii) all authorizations, approvals, or other actions by any Governmental Authority which would constitute a condition precedent to the performance by the Issuer of the obligations under the Bond Documents to which the Issuer is a party have been obtained or will be obtained on or before the Issue Date.

Section 3.4 No Litigation. The Issuer represents and warrants that there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, this Indenture or the other Bond Documents to which the Issuer is a party, or (ii) the exclusion from gross income of interest on the Tax-Exempt Bonds for purpose of federal income taxation.

Section 3.5 Further Assurances. The Issuer covenants that it will cooperate to the extent necessary with the Borrower and the Trustee in their defenses of the Security against the claims and demands of all Persons and, upon payment or provision for payment of the fees and expenses to be incurred by the Issuer in connection therewith, 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 the Trustee may reasonably require for the better pledging of the Security. Except for any amendment, modification, supplement, waiver or consent related to the Reserved Rights, the Issuer shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to the Loan Agreement without the prior written consent of the Trustee, which consent shall be governed by Article VIII hereof.

Section 3.6 No Other Encumbrances; No Dissolution. The Issuer covenants that, (i) except as otherwise provided herein and in the Loan Agreement, it will not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Security, and (ii) to the fullest extent permitted by applicable law, for so long as the Bonds are Outstanding, it will not dissolve, terminate or permit itself to be dissolved or terminated without a successor to its obligations hereunder and under the Bonds having assumed its obligations hereunder and under the Bonds.

Section 3.7 No Personal Liability. No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the Bonds or the other Bond Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present

or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such trustee, member, officer, agent, attorney and employee is, by the execution of this Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

Section 3.8 Disclaimer Of Warranty. THE ISSUER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO (I) THE PROJECT FACILITIES OR ANY PORTION THEREOF, INCLUDING, WITHOUT LIMITATION, THE HABITABILITY THEREOF, THE MERCHANTABILITY OR FITNESS THEREOF FOR ANY PARTICULAR PURPOSES; THE DESIGN OR CONDITION THEREOF; THE WORKMANSHIP, QUALITY OR CAPACITY THEREOF; THE COMPLIANCE THEREOF WITH ANY LEGAL REQUIREMENTS; (II) THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE SALE OF THE BONDS OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF; OR (III) THE PLANS AND SPECIFICATIONS TO CONSTRUCT THE PROJECT FACILITIES OR THE ADEQUACY OR SUFFICIENCY OF THE FINANCING.

ARTICLE IV. FUNDS

Section 4.1 Establishment of Accounts; Applications of Proceeds of the Bonds and Other Amounts.

- (a) The following Accounts are hereby created and established as special trust funds:
 - (i) the Project Fund, consisting of:
 - (A) the Bond Proceeds Account and, within such account, a Taxable Bonds Proceeds Subaccount and a Tax-Exempt Bond Proceeds Subaccount;
 - (B) the Costs of Issuance Account;
 - (C) the Equity Account;
 - (D) the Subordinate Debt Proceeds Account
 - (E) the Capitalized Interest Account and, within such account, a Taxable Bonds Capitalized Interest Subaccount and a Tax-Exempt Bonds Capitalized Interest Subaccount; and
 - (F) the Insurance and Condemnation Proceeds Account;
 - (ii) the Replacement Reserve Fund;
 - (iii) the Tax and Insurance Escrow Fund;
 - (iv) the Rebate Fund;

- (v) the Bond Fund, consisting of:
 - (A) the Tax-Exempt Bond Account; and
 - (B) the Taxable Bond Account;
- (vi) the Surplus Fund;
- (vii) the Redemption Fund, consisting of:
 - (A) the Tax-Exempt Bond Account; and
 - (B) the Taxable Bond Account;
- (viii) the Operating Reserve Fund; and
- (ix) the Expense Fund.

(b) All the Accounts created by subsection (a) of this Section 4.1 shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture.

(c) On the Issue Date, the proceeds of the sale of the Tax-Exempt Bonds [(\$10,000,000)], the proceeds of the sale of the Taxable Bonds [\$] and the initial installment of Required Equity Funds (\$) shall be deposited as follows:

(i) \$, representing a portion of the proceeds of the sale of the Tax-Exempt Bonds, shall be deposited in the Tax-Exempt Bond Proceeds Subaccount of the Bond Proceeds Account of the Project Fund;

(ii) \$, representing a portion of the proceeds of the Taxable Bonds shall be deposited in the Taxable Bond Proceeds Subaccount of the Bond Proceeds Account of the Project Fund;

(iii) \$, representing a portion of the proceeds of the [Taxable] [Tax-Exempt] Bonds shall be deposited in the Tax-Exempt Bonds Capitalized Interest Subaccount of the Capitalized Interest Account of the Project Fund;

(iv) \$, representing a portion of the proceeds of the [Taxable] [Tax-Exempt] Bonds shall be deposited in the Taxable Bonds Capitalized Interest Subaccount of the Capitalized Interest Account of the Project Fund;

(v) \$, representing a portion of the initial installment of Required Equity Funds, shall be deposited in the Costs of Issuance Account of the Project Fund to pay costs of issuance of the Bonds, including the amount due the Issuer on the Issue Date;

(vi) \$, representing the balance of the initial installment of Required Equity Funds shall be deposited in the Equity Account of the Project Fund; and

(vii) \$, representing [a portion of] the proceeds of the Subordinate Debt shall be deposited in the Subordinate Debt Proceeds Account of the Project Fund.

Section 4.2 Bond Fund.

(a) Pursuant to Section 4.1 (a)(v) hereof, there is separately created and established with the Trustee the Bond Fund and, within such Bond Fund, a Taxable Bond Account and a Tax-Exempt Bond Account. There shall be deposited in the applicable accounts within the Bond Fund (i) all Repayments specified in the Loan Agreement to be deposited in the Bond Fund, including all proceeds resulting from the enforcement of the Security or its realization as collateral, and (ii) all other moneys received by the Trustee under the Loan Agreement for deposit by it in the Bond Fund.

(b) Moneys in the Bond Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the payment of the interest on the Bonds, for the payment of principal of the Bonds upon maturity, whether stated or accelerated, or upon mandatory or optional redemption prior to the Maturity Date, and for the payment of any premium set forth in Section 2.3(b) or Section 2.3 (c) of the Loan Agreement.

(c) Upon payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, upon payment in full of the fees and expenses of the Issues and the Trustee, and upon payment of any amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Bond Fund shall be paid to the Borrower.

Section 4.3 Project Fund.

(a) The Trustee shall deposit the proceeds of the sale of the Bonds, the initial installment of the Required Equity Funds and the initial draw of the proceeds of the Subordinate Bonds into the specified accounts and subaccounts of the Project Fund set forth in Section 4.1(c) hereof. The Trustee will receive and deposit into the Equity Account amounts received as future installments of Required Equity Funds from the Tax Credit Investor, in accordance with the provisions of the Borrower's Partnership Agreement, in the Loan Agreement and in the Assignment of Capital Contributions. The Trustee will receive and deposit into the Subordinate Debt Proceeds Account amounts received as future draws of the proceeds of the Subordinate Debt.

(b) The Trustee is hereby authorized and directed to use moneys in the Project Fund for payment or reimbursement of Project Costs (or, in the case of moneys on deposit in the Tax-Exempt Bond Proceeds Subaccount of the Bond Proceeds Account of the Project Fund, for payment or reimbursement of Qualified Project Costs) to the Borrower upon the receipt of a fully executed Requisition approved in writing by the Controlling Person, in accordance with the provisions of the Loan Agreement; provided, however, after Final Completion of the Project Facilities, but in no event later than the Stabilization Date, all Surplus Bond Proceeds remaining in the Tax-Exempt Bond Proceeds Subaccount of the Bond Proceeds Account of the Project Fund shall be transferred to the Surplus Fund. All remaining amounts in the Taxable Bond Proceeds Subaccount of the Bond Proceeds Account, in Equity Account and the Subordinate Debt Proceeds Account of the Project Fund upon Stabilization shall be paid to the Borrower upon receipt of the prior written approval of the Controlling Person, which approval shall not be unreasonably withheld or delayed.

(c) The Trustee shall be and is hereby authorized to transfer funds from the applicable subaccounts of the Capitalized Interest Account to the Bond Fund to pay interest on the Bonds accruing up to and including the Completion Date without submission of any Requisition. With respect to any such transfer, the Trustee shall first transfer amounts from proceeds of the sale of the Tax-Exempt Bonds and secondly from moneys representing Taxable Bonds or Required Equity Funds. The Trustee shall transfer any Surplus Bond Proceeds remaining in the Capitalized Interest

Account after Final Completion of the Project Facilities, but in no event later than the Stabilization Date, to the Surplus Fund.

(d) Amounts in the Costs of Issuance Account shall be disbursed by the Trustee on the Issue Date and thereafter only to pay costs of issuance of the Bonds pursuant to a closing memorandum signed by the Borrower and the Controlling Person identifying the amount to be paid and the payee. Amounts remaining in the Costs of Issuance Account (including investment proceeds) after the payment of all costs of issuance, and in any event not later than thirty (30) days following the Issue Date, shall be transferred to the Equity Account of the Project Fund.

(e) Moneys representing a Condemnation Award or Insurance Proceeds shall be deposited into the Insurance and Condemnation Proceeds Account of the Project Fund, and notice of such deposit thereof shall be given by the Trustee to the Controlling Person and the Majority Owner. To the extent there has been a determination pursuant to the Bond Documents to restore the Project Facilities, such Condemnation Award or Insurance Proceeds shall be expended for such purposes in accordance with the provisions of the Bond Documents. In the event there is a determination pursuant to the Bond Documents not to restore the Project Facilities, such Condemnation Award or Insurance Proceeds shall be either (i) transferred to the Bond Fund and applied to the redemption first of the Tax-Exempt Bonds and then of the Taxable Bonds, in accordance with Section 2.12(b) hereof, or (ii) released to the Borrower if the Borrower obtains a Favorable Opinion of Bond Counsel with respect to such release, all in accordance with direction of the Controlling Person to the Trustee and subject to the provisions of the Bond Documents.

(f) Upon the occurrence and continuation of an Event of Default hereunder, all money and investments in the Project Fund may be disbursed at the written direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under the Bond Documents, in whatever amounts and whatever order the Controlling Person may determine.

Section 4.4 Surplus Fund. The Surplus Fund shall receive all Surplus Bond Proceeds transferred thereto in accordance with the provisions of this Indenture. The deposit of Surplus Bond Proceeds in the Surplus Fund shall be, and shall be deemed to be, a joint written direction by the Borrower and the Controlling Person to the Trustee to redeem the greatest principal amount of the Tax-Exempt Bonds possible to be redeemed from such deposit pursuant to Section 2.12(b)(i) hereof on the earliest redemption date on which the Tax-Exempt Bonds may be redeemed, and on such redemption date (or, if such day is not a Business Day, the immediately preceding Business Day) an amount equal to the principal amount of Tax-Exempt Bonds to be redeemed plus interest accrued thereon to the redemption date shall be transferred from the Surplus Fund to the Redemption Fund and used for such redemption. After such transfer, if and to the extent that there are moneys remaining in the Surplus Fund, such moneys in the Surplus Fund shall be transferred to the Tax-Exempt Bond Account of the Bond Fund and shall be used for payment of interest on or principal of the Tax-Exempt Bonds.

Section 4.5 Redemption Fund.

(a) There shall be deposited in the applicable account of the Redemption Fund (i) all payments specified in Section 8.3 of the Loan Agreement to be deposited in the accounts in the Redemption Fund, and (ii) all other moneys received by the Trustee under the Loan Agreement or this Indenture for deposit by it in the Redemption Fund. Moneys in the Redemption Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the redemption of Bonds of the applicable series pursuant to Section 2.12 hereof. On each Principal Payment Date or redemption date and as otherwise required hereunder or at the written

direction of the Controlling Person, the Trustee shall transfer such amounts from the Redemption Fund to the Bond Fund and call and redeem Bonds as provided in Section 2.12 hereof. Upon payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, upon payment in full of the fees and expenses of the Issuer and the Trustee and the payment of any amounts owing to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Redemption Fund shall be paid to the Borrower.

(b) Upon the occurrence and continuation of an Event of Default hereunder, all money and investments in the Redemption Fund may be disbursed at the written direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under any of the Bond Documents, in whatever amounts and in whatever order the Controlling Person may determine.

Section 4.6 Tax and Insurance Escrow Fund. There shall be deposited in the Tax and Insurance Escrow Fund all moneys received for such purpose by the Trustee from the Borrower pursuant to Section 8.2 of the Loan Agreement. Moneys in the Tax and Insurance Escrow Fund shall be applied to payment of Impositions and insurance premiums at the written direction of the Controlling Person; provided, however, that upon the occurrence and continuation of an Event of Default hereunder, all money and investments held in the Tax and Insurance Escrow Fund may be disbursed at the written direction of the Controlling Person to pay costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under any of the Bond Documents, in whatever amounts and in whatever order the Controlling Person may determine. Upon the payment in full of the Bonds; or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, upon payment in full of the fees and expenses of the Issuer and the Trustee and upon payment of amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Tax and Insurance Escrow Fund shall be paid to the Borrower.

Section 4.7 Rebate Fund.

(a) The Trustee shall maintain the Rebate Fund, for the benefit of all persons who are or have at any time been Holders of the Tax-Exempt Bonds, at all times prior to the final payment to the United States of America of the amounts described in Section 4.7(c), which fund shall not be part of the trust estate established hereunder. The money deposited to the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust separately and apart from the other funds held under the Indenture and applied solely as provided in this Section 4.7, unless a Favorable Opinion Bond Counsel is provided with respect to the failure to make such application.

(b) The Trustee shall deposit or transfer to the credit of the account of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. The Trustee shall credit all earnings and debit all losses from the investment of money held for the account of the Rebate Fund to such fund. The Trustee shall furnish to the Borrower and the Tax Credit Investor all information reasonably requested by the Borrower or the Tax Credit Investor with respect to the Tax-Exempt Bonds and investment of funds and accounts maintained by the Trustee hereunder.

(c) Within thirty (30) days after each Computation Date, the Trustee, on behalf of the Issuer, shall withdraw from the Rebate Fund and pay to the United States of America the

appropriate portion of the Rebate Amount (determined by the Rebate Analyst on behalf of the Borrower) in the installments, to the place and in the manner required by section 148(f) of the Code, the Regulations, and rulings thereunder as instructed by the Borrower or its legal counsel and as provided in subsection (3) below. Within five (5) days after receipt from the Borrower or the Rebate Analyst of written notification of any amount due to the United States of America pursuant to Section 1.148-3(h) of the Regulations accompanied by relevant IRS forms including IRS Form 8038-T, the Trustee shall withdraw from the Rebate Fund an amount which when added to all prior payments to the United States of America equals the correct appropriate portion of the Rebate Amount, plus any penalties and interest and pay such correction amount to the United States of America.

(d) All payments to the United States of America pursuant to this Section 4.7 shall be made by the Trustee for the account and in the name of the Issuer and shall be paid by draft posted by certified United States Mail (return receipt requested), addressed to the appropriate Internal Revenue Service Center (and, if appropriate, accompanied by the relevant Internal Revenue Service Form, such as Form 8038-T or such other statements, explanations or forms required pursuant to the Regulations or other Internal Revenue Service promulgations).

(e) The Trustee shall preserve all statements, forms, and explanations received from the Borrower or the Issuer pursuant to this Section 4.7 and all records of transactions in the Rebate Fund until six (6) years after the discharge of the Tax-Exempt Bonds.

(f) The Trustee may conclusively rely on the information provided, instructions of and forms prepared by the Borrower or the Rebate Analyst with regard to any actions to be taken by it, including payments to be made, pursuant to this Section 4.7 and shall have no liability for any consequences of any failure of the Borrower to supply accurate or sufficient instructions or to compute correctly any payment due pursuant to this Section 4.7. The Trustee shall have no responsibility or duty to perform any rebate calculation or to expend its own funds to make any rebate payments.

(g) If at any time during the term of this Indenture the Borrower or the Issuer desires to take any action which would otherwise be prohibited by the terms of this Section 4.7, such Person shall be permitted to take such action if there shall be provided, at the expense of the Borrower, a Favorable Opinion of Bond Counsel with respect to such action, and such action shall be in compliance with the laws of the State.

(h) Notwithstanding any provision of the Bond Documents and unless otherwise specifically agreed to in a separate written agreement, the Trustee shall not be liable or responsible for any method of calculation, or any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any successor statute or any regulation, ruling, or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid the United States of America or the determination of the maximum amount which may be invested in Nonpurpose Investments having a higher yield than the yield on the Tax-Exempt Bonds, in connection with any such investments. The method of calculation, calculation and determination required by Section 148 of the Code shall be accomplished by a Rebate Analyst engaged by the Borrower. The Trustee shall not be liable or responsible for the negligence or misconduct of the Rebate Analyst. The Trustee shall not be liable or responsible for monitoring the compliance by the Borrower or the Issuer of any of the requirements of Section 148 of the Code or any applicable regulation, ruling, or other judicial or administrative interpretation thereof (except for the administrative functions described in this Section 4.7 and elsewhere in this Indenture), it being acknowledged and agreed that the sole

obligation of the Trustee in this regard shall be (i) to invest the moneys received by the Trustee pursuant to the written instructions of the Borrower in the specific investments identified by the Borrower, with the consent of the Controlling Person, or, in the absence of such direction or consent to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of this Indenture, and (ii) to follow instructions contained in this Section 4.7. The Trustee shall not be liable for the Tax-Exempt Bonds becoming "arbitrage bonds" within the meaning of the Code, as a result of investments it makes in compliance with the instructions it receives or pursuant to or in compliance with the terms of this Indenture.

(i) Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder.

Section 4.8 Replacement Reserve Fund. There shall be deposited in the Replacement Reserve Fund all moneys received for such purpose by the Trustee from the Borrower pursuant to the Replacement Reserve Agreement. Moneys in the Replacement Reserve Fund shall be disbursed by the Trustee upon receipt of a written request therefor executed by the Borrower and approved in writing by the Controlling Person, in accordance with the terms of the Replacement Reserve Agreement; provided that, upon the occurrence and continuation of an Event of Default hereunder, all moneys and investments in the Replacement Reserve Fund (other than moneys held to pay costs required to be paid but not yet payable) may be disbursed at the written direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under the Bond Documents, in whatever amounts and whatever order the Controlling Person may determine. Upon the payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, upon payment in full of the fees and expenses of the Issuer and the Trustee, and upon payment of amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Replacement Reserve Fund shall be paid to the Borrower.

Section 4.9 Operating Reserve Fund.

(a) There shall be deposited in the Operating Reserve Fund all moneys received for such purpose pursuant to Section 8.4 of the Loan Agreement. Funds shall be disbursed from the Operating Reserve Fund, at the request of the Borrower, but only with the prior written consent of the Controlling Person and the Tax Credit Investor, (i) to fund any operating deficits or expenses of the Borrower or for any other operating or capital needs of the Project Facilities, and (ii) to be transferred to the Replacement Reserve Fund in the event of a shortage in the Replacement Reserve Fund, as described in Section 12 of the Replacement Reserve Agreement. Upon receipt by the Trustee from the Borrower of a written request together with the written approval of the Controlling Person and the Tax Credit Investor, which approval shall not be unreasonably withheld or delayed, the Trustee shall disburse funds from the Operating Reserve Fund in accordance with such written request.

(b) Upon the occurrence and continuation of an Event of Default, all moneys and investments in the Operating Reserve Fund may be disbursed at the written direction of the Controlling Person to pay any costs and expenses of the Project Facilities, to pay any costs of enforcement of the Bond Documents and to pay any and all amounts owed by the Borrower under the Bond Documents, in whatever amounts and whatever order the Controlling Person may determine. Interest earnings on amounts held in the Operating Reserve Fund shall be released not more frequently than annually to the Borrower upon its written request and with the prior written consent of the Controlling Person. Upon payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, upon payment in full of the fees

and expenses of the Issuer and upon payment of amounts payable to the United States of America pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, any amounts remaining in the Operating Reserve Fund shall be paid to the Borrower.

(c) Following Stabilization and the initial funding of the Operating Reserve Fund with cash, and provided that no Default or Event of Default shall have occurred and be then continuing, the Borrower may withdraw the funds on deposit in the Operating Reserve Fund if the Borrower delivers to the Trustee a letter credit (the "**Operating Reserve Letter of Credit**") in a stated amount of not less than \$509,057, or such other amount as may be approved by the Controlling Person, which names the Trustee as sole beneficiary, has a term of not less than twelve (12) months, is issued by a bank rated "A" or better by S&P, and is otherwise acceptable to the Controlling Person and the Majority Owner in their sole discretion. The Trustee shall draw upon the Operating Reserve Letter of Credit: (i) at the direction of the Controlling Person, following the occurrence of a Default or Event of Default, (ii) at the direction of the Controlling Person, following a credit rating downgrade of the bank providing the Operating Reserve Letter of Credit below "A" or a withdrawal or suspension of such rating, or (iii) at the direction of the Controlling Person, if the Operating Reserve Letter of Credit is expiring without being extended or renewed upon terms acceptable to the Controlling Person, (iv) at the direction of the Controlling Person, if the Controlling Person in its sole discretion determines that the debt service coverage ratio is below 1.05:1.0 or that funds are otherwise needed for the Project Facilities, or (v) at the direction of the Borrower or the Tax Credit Investor. The Trustee shall deposit the proceeds of any draw upon the Operating Reserve Letter of Credit into the Operating Reserve Fund to be used for the purposes set forth in Section 8.4(a) of the Loan Agreement and Section 4.9(a) hereof.

Section 4.10 Expense Fund. The Trustee shall deposit to the Expense Fund the payments received from the Borrower pursuant to Section 2.2 of the Loan Agreement and shall apply those amounts to the payment of the amounts required by this Section 4.10. The Trustee shall apply moneys on deposit in the Expense Fund solely for the following purposes, on the dates specified below, in the following order of priority:

- (a) to pay the Issuer Administration Fee when due;
- (b) to pay the Issuer Fees and Expenses not previously paid;
- (c) to pay the Trustee Fees and Expenses not previously paid; and
- (d) to transfer money to the Rebate Fund to the extent necessary to pay the Rebate Amount (if any) on or before the Computation Date to pay the Rebate Amount pursuant to Section 4.7 hereof.

To the extent moneys in the Expense Fund are not sufficient to pay the foregoing fees and expenses, such deficiency shall be paid by the Borrower pursuant to Section 2.2 of the Loan Agreement immediately upon written demand. Following the repayment of the Bonds in full, to the extent that there are not adequate funds available in the Expense Fund to make full payment of the Issuer Administration Fee when due and the Issuer Fees and Expenses not previously paid, then such fees or any amount remaining unpaid shall be paid to the Expense Fund as a disbursement from the Project Fund prior to the disbursement from the Project Fund for any other costs or expenses.

Section 4.11 Records.

(a) The Trustee shall cause to be kept and maintained records pertaining to all funds and accounts maintained by the Trustee hereunder and all disbursements therefrom and shall periodically deliver to the Borrower statements of activity and statements indicating the investments made with moneys in all such funds during the applicable period. Upon written request, the Trustee shall provide the Borrower or the Controlling Person, within a reasonable period of time, with a report stating the principal amount of Bonds outstanding and a list of the registered owners of the Bonds as of the date specified by the Borrower or the Controlling Person in its request at the expense of the Borrower.

(b) The Trustee shall provide the Borrower and the Controlling Person with a written report, on a monthly basis through the calendar month in which the last obligation of the Bonds is retired, identifying the Permitted Investments in which the moneys held as part of the Accounts were invested during the preceding period and the dates of such investments, together with such other information as the Trustee ordinarily provides to Persons such as the Borrower and the Controlling Person in its regular monthly investment reports and at the expense of the Borrower.

Section 4.12 Investment of Funds. Subject to the provisions of Sections 4.7 and 10.12 hereof, moneys held as part of all Accounts shall be invested and reinvested in Permitted Investments as instructed in writing by the Borrower with the prior written consent of the Controlling Person; provided, however, that any moneys held by the Trustee to pay the principal of, premium, if any, or interest that has become payable with respect to the Bonds shall not be invested. The Trustee may conclusively rely on written instructions received from the Borrower, including written instructions received by electronic means. All Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times to be a part of the fund and account which was used to purchase the same. The Trustee may act as principal or agent in the making or disposing of any investment and may utilize its investment department or that of its affiliates and charge its standard investment handling fees. All interest accruing thereon and any profit realized from Permitted Investments shall be credited to the respective fund or account and any loss resulting from Permitted Investments shall be similarly charged. The Trustee is authorized to cause to be sold and reduced to cash a sufficient amount of Permitted Investments whenever the cash balance in any fund or account hereunder is or will be insufficient to make a requested or required disbursement. The Trustee shall not be responsible for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale, so long as the Trustee performs its obligations hereunder in accordance with the terms of this Indenture. The Trustee shall have no discretion for investing funds or advising any parties on investing funds. The Trustee may invest funds in its own proprietary money market funds or deposit products. Absent specific written instructions from the Borrower approved by the Controlling Person to invest cash balances in Permitted Investments hereunder, the Trustee shall invest such cash balances in the Federated Treasury Obligations Fund (TOSXX), or, if such fund is not available, in Permitted Investments constituting obligations of the U.S. Treasury or its agencies having a term to maturity of not more than thirty (30) days or any money market fund or similar investment fund that purchases and holds exclusively obligations of the United States of America or its agencies that have a term to maturity of not more than thirty (30) days.

Section 4.13 Guaranties. Any amounts realized by the Trustee under the Guaranty of Completion, the Guaranty of Payment, the Guaranty of Recourse Obligations and the Environmental Indemnity shall be deposited, used or applied and invested by the Trustee as directed in writing by the Controlling Person.

ARTICLE V. DISCHARGE OF LIEN

Section 5.1 Discharge of Lien and Security Interest. Upon payment in full of all of the Bonds and all amounts payable hereunder, under the Loan Agreement and the other Bond Documents, these presents and the Security Interests shall cease, determine and be discharged, and thereupon the Trustee shall, upon receipt by the Trustee of an opinion of counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, (a) cancel and discharge this Indenture and the Security Interests; (b) execute and deliver to the Issuer and the Borrower, at the Borrower's expense, such instruments in writing as shall be required to cancel and discharge this Indenture and the Security Interests and reconvey to the Issuer and the Borrower the Security, and assign and deliver to the Issuer and the Borrower so much of the Security as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds; and (c) mark the Note as cancelled and satisfy the Mortgage; provided, however, that the cancellation and discharge of this Indenture pursuant to Section 5.3 hereof shall not terminate the powers and rights granted to the Trustee with respect to the payment, registration of transfer and exchange of the Bonds; and provided, further, that the rights of the Issuer and the Trustee to indemnity, non-liability and payment of all reasonable fees and expenses shall survive the cancellation and discharge of this Indenture pursuant to this Section 5.1 or Section 5.3 hereof.

Section 5.2 Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of Section 5.1 hereof if:

(a) there shall have been irrevocably deposited in the Bond Fund sufficient money or Government Obligations of such maturities and interest payment dates and bearing such interest as will, in the opinion of a nationally recognized firm of certified public accountants, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings also to be held in trust), be sufficient for the payment at their respective maturities or redemption dates prior to maturity of the principal of the Bonds, the premium, if any, and interest to accrue thereon through such maturity or redemption dates, as the case may be;

(b) there shall have been paid or provision duly made for the payment of all fees and expenses of the Issuer and the Trustee, due or to become due; and

(c) if any Bonds are to be redeemed on any date prior to their maturity, the Trustee shall have received in form satisfactory to it irrevocable instructions from the Borrower or the Controlling Person, as the case may be, in accordance with Section 2.12 hereof to cause a redemption of the Bonds, to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices has been granted to the Trustee.

Limitations set forth elsewhere herein regarding the investment of moneys held by the Trustee in the Bond Fund shall not be construed to prevent the depositing and holding in the Bond Fund of the Government Obligations described in this Section 5.2 for the purpose of defeasing the lien of this Indenture as to Bonds which have not yet become due and payable. Notwithstanding any other provision of this Indenture to the contrary, all funds deposited with the Trustee as provided in this Section 5.2 may be invested and reinvested, at the direction of the Borrower, in Government Obligations (or in a money market fund that invests solely in Government Obligations and is rated no lower than the second highest category by one of Fitch, Moody's or S&P and, if more than one of such rating agencies then rates such money market fund, is rated no less than the second highest

rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations (or money market fund) in the hands of the Trustee pursuant to this Section 5.2 which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund.

Section 5.3 Discharge of Indenture. Notwithstanding the fact that the lien of this Indenture upon the Security may have been discharged and cancelled in accordance with Section 5.1 hereof, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Security may have been discharged and cancelled, shall nevertheless continue and subsist after payment in full of the Bonds or the deemed payment in full of the Bonds in accordance with Section 5.2 hereof until the Trustee shall have returned to the Borrower, all funds held by the Trustee which the Borrower is entitled to receive pursuant to this Indenture after all Bonds have been paid at maturity or redeemed. Upon payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to Section 5.2 hereof, payment in full of the fees and expenses of the Issuer and the Trustee and upon payment of any amounts payable to the United States pursuant to any rebate requirement and any other amounts owing hereunder and under the Loan Agreement, all remaining amounts held by the Trustee shall be paid to the Borrower.

ARTICLE VI. DEFAULT PROVISIONS AND REMEDIES

Section 6.1 Events of Default. Any one of the following shall constitute an Event of Default hereunder:

- (a) Failure to pay interest on any Bond when and as the same shall have become due;
- (b) Failure to pay the principal of or any premium on any Bond when and as the same shall become due, whether at the stated maturity or redemption date thereof or by acceleration;
- (c) Failure to observe or perform any other of the covenants, agreements or conditions on the part of the Issuer included in this Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer and the Borrower and the Tax Credit Investor have been given by the Trustee or by the Controlling Person (with a copy to the Trustee); provided that any cure of any default made or tendered by the Tax Credit Investor shall be deemed to be a cure by Borrower, and be accepted or rejected on the same basis as if made or tendered by Borrower.
- (d) The occurrence of an Event of Default under the Loan Agreement or the failure by the Borrower to perform or comply with any of the other terms or conditions contained in any other Bond Documents, the Ground Lease, the VASH Contract or the Subordinate Debt Documents and continuation of such failure for beyond the expiration of any notice, grace or cure period provided in the Loan Agreement, the Bond Documents, the Ground Lease, the VASH Contract or the Subordinate Debt Documents (as applicable).

Notwithstanding anything herein to the contrary, the Trustee is not deemed to have knowledge of any Event of Default unless specifically notified in writing by at least 51% of the Holders. In the absence of any such written notice, the Trustee may conclusively assume that no such default or Event of Default exists.

Section 6.2 Acceleration.

(a) Upon the occurrence of an Event of Default, at the written direction of the Controlling Person, the Trustee immediately shall, by notice in writing sent to the Issuer, the Borrower, the Majority Owner and the Controlling Person, declare the principal of all Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and, upon said declaration, such principal and interest shall become and be immediately due and payable. Upon any declaration of acceleration hereunder, the Trustee shall immediately exercise such rights as it may have under the Loan Agreement and the Note to declare all Repayments to be immediately due and payable. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon (including Default Interest, if any) and which will accrue thereon to the date of payment and all unpaid interest on the Bonds on the date of payment, and the acceleration premium described in Section 6.8 (if applicable).

(b) Immediately following any such declaration of acceleration, the Trustee shall cause to be mailed notice of such declaration by first-class mail, postage prepaid (or, in the case of Bonds administered in the Book-Entry System, cause to be sent pursuant to the applicable procedure of the Securities Depository), to each Holder of a Bond at his/her last address appearing on the Register. Any defect in or failure to give such notice of such declaration shall not affect the validity of such declaration.

Section 6.3 Other Remedies; Rights of Holders.

(a) Upon the happening and continuance of an Event of Default hereunder, the Trustee may, with the prior written consent of the Controlling Person, and shall upon the direction of the Controlling Person, with or without taking action under Section 6.2 hereof, pursue any available remedy to enforce the performance of or compliance with any Bond Documents.

(b) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee, the Controlling Person, the Majority Owner or the Holders 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 Controlling Person, the Majority Owner or the Holders hereunder or now or hereafter existing.

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

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

(e) The Trustee, as the assignee of substantially all right, title and interest of the Issuer in and to the Loan Agreement and the Note, shall be empowered to enforce each and every right granted to the Issuer under the Loan Agreement and the Note other than Reserved Rights.

Section 6.4 Right of Controlling Person to Direct Proceedings.

(a) Anything in this Indenture to the contrary notwithstanding, the Controlling Person shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and this Indenture.

(b) No Holder shall have the right to institute any proceeding for the enforcement of this Indenture unless such Holder has given the Trustee, the Special Limited Partner and the Borrower written notice of an Event of Default, the Controlling Person shall have requested the Trustee in writing to institute such proceeding, the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, there shall have been offered to the Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within sixty (60) days after receipt of notice with no inconsistent direction given during such sixty (60) days by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding. Nothing in this Indenture shall affect or impair any right of enforcement conferred on any Holder by the Act to enforce (i) the payment of the principal of, acceleration premium, if any, and interest on Bonds at and after the maturity thereof, or (ii) the obligation of the Issuer to pay the principal of, acceleration premium, if any, and interest on Bonds to such Holder at the time, place, from the sources and in the manner as provided in this Indenture.

Section 6.5 Discontinuance of Default Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver 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 and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Issuer and the Trustee shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

Section 6.6 Waiver. The Trustee with the consent of the Controlling Person, may, and upon the written direction of the Controlling Person, shall waive any Default or Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal; provided, however, that there shall be no such waiver or rescission unless all principal of, acceleration premium, if any, and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate of interest borne by the Bonds and all fees and expenses of the Trustee and the Issuer shall have been paid or provided for.

Section 6.7 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VI shall be deposited in the Bond Fund and, after payment (out of moneys derived from a source other than moneys held for the redemption of Bonds) of (i) the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, including reasonable attorneys' fees, and all other outstanding fees and expenses of the Trustee, and (ii) any sums due to the Issuer under the Loan Agreement

(other than Repayments), such moneys shall be applied *pari passu* between the series and in the order set forth below:

(a) Unless the principal of all Bonds shall have become or been declared due and payable, all such moneys shall be applied:

First: To the payment of all installments of interest then due on the Bonds in order of priority first to installments past due for the greatest period and, if the amount available shall not be sufficient to pay in full any particular installment, then to the ratable payment of the amounts due on such installment;

Second: To the payment of the unpaid principal of and premium, if any, of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds from the respective dates upon which they became due (at the rate borne by the Bonds, to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such acceleration premium, then to the ratable payment of the amounts due on such date; and

Third: To the payment of the amounts required to reimburse the Issuer and the Owners of the Bonds for any legal or other out-of-pocket costs incurred by them in connection with exercising their remedies hereunder.

Fourth: The balance shall be paid to the Borrower (subject to any required deposits to the Rebate Fund).

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied *pari passu* between the series to the payment of the principal, acceleration premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority as between principal, premium, interest, installments of interest or Bonds, ratably according to the amounts due respectively for principal, premium and interest to the persons entitled thereto.

(c) If the principal on all Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded under this Article VI then, subject to subsection (b) of this Section 6.7 in the event that the principal of all the Bonds shall again become or be declared due and payable, the moneys shall be applied in accordance with subsection (a) of this Section 6.7.

(d) Notwithstanding anything contained herein to the contrary, the Controlling Person may, with express written consent of the Majority Owner, by written notice to the Trustee direct the application of funds other than in the manner set forth in Section 6.7(a) above, including, without limitation, the application of funds between the principal or acceleration premium of or interest on the Bonds.

(e) Whenever moneys are to be applied pursuant to this Section 6.7, the Trustee shall fix the date which shall be not more than seven (7) calendar days after receipt of such moneys, upon which such application is to be made and upon such date interest on the principal amount of Bonds to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date.

Section 6.8 Default Interest and Acceleration Premium. In the event that principal of or premium, if any, or interest payable on the Bonds is not paid when due or upon the occurrence and during the continuance of any other Event of Default (provided that the Controlling Person shall have no obligation to accept a cure of any Event of Default), there shall be payable on the Bonds and on any amount not timely paid, interest at the Default Rate, to the extent permitted by law. This interest shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full. In the event there shall have occurred an acceleration of the Bonds or the Borrower's obligations under the Loan Agreement following an Event of Default on or before January 1, 2033, any tender of payment of any amount necessary to pay the Bonds in full shall include the acceleration premium set forth in Section 2.3(c) of the Loan Agreement.

ARTICLE VII. THE TRUSTEE

Section 7.1 Appointment of Trustee. The Trustee is hereby appointed and does hereby agree to act in such capacity, and to perform the duties of the Trustee under this Indenture, but only upon and subject to the following express terms and conditions (and no implied covenants or other obligations shall be read into this Indenture against the Trustee):

(a) The Trustee may execute any of its trusts or powers hereunder and perform any of its duties by or through attorneys, agents, or receivers, and shall not be responsible for any misconduct or negligence of such attorneys, agents or receivers appointed with due care, and may in all cases pay reasonable compensation to all such attorneys, agents, and receivers. The Trustee may act upon the opinion or advice of Counsel and shall not be responsible for any loss or damage resulting from any action or non-action taken in good faith in reliance upon such opinion or advice.

(b) Except as provided in Section 7.8 hereof, the Trustee shall not be responsible for any recital herein or in the Bonds, or for the recording, re-recording, filing or re-filing of this Indenture, of any financing statements or continuation statements, or for insuring the Security or the Project Facilities or collecting any insurance moneys, or for the validity of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Project Facilities or otherwise as to the maintenance of the Security. The Trustee shall not be liable to the Borrower, any Holder, any Beneficial Owner or any other Person for any loss suffered in connection with any investment of funds made by it in good faith as instructed by the Borrower in accordance with the provisions of this Indenture and with the prior written consent of the Controlling Person. The Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer or for the use by the Borrower of the proceeds of the Bonds advanced to the Borrower as provided in the Loan Agreement. The Trustee may become the owner of Bonds secured hereby with the same rights as any other Holder.

(d) The Trustee shall be protected in acting upon opinions of Counsel and upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any notices, directions, consents, approvals or requests provided to the Trustee pursuant to the

terms of this Indenture or any of the Bond Documents shall not be effective until provided in writing. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) The permissive right of the Trustee to do things enumerated in this Indenture or the Loan Agreement shall not be construed as duties. The Trustee shall only be responsible for the performance of the duties expressly set forth herein and shall not be answerable for anything other than its gross negligence, bad faith or willful misconduct in the performance of those express duties.

(f) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project Facilities.

(g) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in respect of this Indenture.

(h) The Trustee shall have no obligation to exercise any of the rights and powers vested in this Indenture at the request or direction of the Controlling Person or the Holders pursuant to this Indenture or other Bond Documents, unless Trustee is provided with security or indemnification satisfactory to it for the reimbursement of all expenses to which it may be put by reason of any action so taken. The Trustee shall not be entitled to indemnification as a precondition to giving notices of default or taking other actions at the direction of the Majority Owner or the Controlling Person which do not require the Trustee to expend its own funds or for which funds have been advanced by the Majority Owner or the Controlling Person to the Trustee in advance of its taking such action.

(i) 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 written direction of the Controlling Person, the Majority Owner, or Holders relating to the time, method and place of conduction of any proceeding for any remedy available to the Trustee, or for exercising any trust or power conferred upon the Trustee, under this Indenture or other Bond Documents.

(j) All moneys received by the Trustee, until used or applied or invested as herein provided, shall be held as special trust funds for the purposes specified in this Indenture and for the benefit and security of the Holders of the Bonds as herein provided. Such moneys need not be segregated from other funds except to the extent required by law or herein provided, and the Trustee shall not otherwise be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(k) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Borrower or the Issuer under the Loan Agreement or this Indenture, and shall not be deemed to have, or be required to take, notice of default under this Indenture (other than under Section 6.1(a) or (b), or Section 6.1(c) or (d) if written notice thereof has been received by the Trustee) or the occurrence of a Determination of Taxability, except (i) in the event the Borrower fails to pay any Repayment when due, (ii) in the event of an insufficient amount in the Bond Fund (or any account therein) to make a principal or interest payment on the Bonds, (iii) in the event of written notification of a Determination of Taxability by the Holder of any Tax-Exempt Bonds, (iv) of written notification of such default by the Controlling Person, the Majority Owner or two or more Holders with combined holdings of not less than twenty-five percent (25%) of the principal

amount of Outstanding Bonds, or (v) in the event of receipt of an opinion of Bond Counsel concluding that a Determination of Taxability has occurred, and in the absence of such notice the Trustee may conclusively presume there is no Determination of Taxability and no default except as aforesaid. The Trustee may nevertheless require the Issuer and the Borrower to furnish information regarding performance of their obligations under the Loan Agreement and this Indenture, but is not obligated to do so.

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

(m) In addition to the Trustee's other duties hereunder, the Trustee shall authenticate and cancel Bonds as provided herein, keep such books and records relating to such duties as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer and the Borrower at all reasonable times. All Bonds shall be made available for authentication, exchange and registration of transfer at the principal operations office of the Trustee.

(n) The Trustee shall have no duty to inspect or oversee the construction or completion of the Improvements or to verify the truthfulness or accuracy of the certifications made by the Borrower in any Requisition.

(o) Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bonds or the interest thereon; (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Tax-Exempt Bonds under Section 148 of the Code, or (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code.

(p) No provision of this Indenture, the Loan Agreement or the Bonds shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(q) Whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of bad faith on its part and except as otherwise expressly set forth herein, rely upon a written certificate of the Controlling Person or the Majority Owner.

(r) In the absence of a direction from the Controlling Person or the Majority Owner, if the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, the directions given by the group of Holders which holds the largest percentage of the principal amount of the Bonds shall be controlling and the Trustee shall follow such directions.

(s) The Trustee's immunities and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and

protections and rights to indemnification, together with the Trustee's rights to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bonds.

(t) The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold or deal in any of the Bonds and may join in any action that any Holder may be entitled to take with like effect as if it were not the Trustee. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Borrower and may act as depository, trustee or agent for any committee of Holders secured hereby or other obligations of the Borrower, as freely as if it were not the Trustee hereunder. The provisions of this paragraph shall extend to the affiliates of the Trustee.

(u) The Trustee shall have no responsibility or obligation to DTC Participants, to Indirect Participants, or to the Persons for whom they act as nominees with respect to the Bonds, or to any Beneficial Owner of Bonds in respect of the accuracy of any records maintained by the Securities Depository, the Securities Depository Nominee or any DTC Participant or Indirect Participant, the payment by the Securities Depository, the Securities Depository Nominee or any DTC Participant or Indirect Participant of any amount in respect of the principal of or interest on the Bonds, any notice which is permitted or required to be given under this Indenture, the selection by the Securities Depository, the Securities Depository Nominee or any DTC Participant or Indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by the Securities Depository or the Securities Depository Nominee as Holder.

(v) Whether or not expressly so provided, each and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this Section.

Section 7.2 Compensation and Indemnification of Trustee; Trustee's Prior Claim.

(a) The Loan Agreement provides that the Borrower will pay the reasonable fees and expenses of the Trustee under this Indenture and all other amounts which may be payable to the Trustee under this Section 7.2, such fees and expenses to be paid when due and payable by the Borrower directly to the Trustee for their own account.

(b) The Borrower shall (i) pay the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), (ii) pay or reimburse the Trustee upon request for all reasonable expenses, disbursements and advances incurred or made, in accordance with any of the provisions of this Indenture and the Loan Agreement (including the reasonable compensation and the reasonable expenses and disbursements of its Counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement or advance is found by a court of competent jurisdiction to be the result of its own gross negligence, willful misconduct or bad faith, and (iii) indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred by it, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder or the performance of its duties hereunder or under the Loan Agreement, including the reasonable costs and expenses of defending itself against or investigating any claim of liability in the premises, except to the extent that any such loss, liability or expense was due to its own gross negligence, willful misconduct or bad faith. "Trustee," for purposes of this Section 7.2 shall include any predecessor Trustee, but the gross negligence, willful misconduct or bad faith of any Trustee, shall not affect the indemnification of

any other Person. The obligations of the Borrower under this Section 7.2 shall survive the termination of this Indenture. The indemnification provided in this Section shall apply to indemnification obligations arising from the Trustee's own negligence.

Section 7.3 Intervention in Litigation. In any judicial proceedings to which the Issuer is a party, the Trustee may intervene on behalf of Holders, and shall intervene if requested in writing by the Controlling Person, the Majority Owner, or the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

Section 7.4 Resignation; Successor Trustees.

(a) The Trustee and any successor Trustee may resign only upon giving sixty (60) days prior written notice to the Issuer, the Borrower, the Controlling Person and each Holder of Bonds then Outstanding as shown on the Register. Such resignation shall take effect only upon the appointment of a successor Trustee by the Issuer with the consent of the Controlling Person and the acceptance of such appointment by the successor Trustee. If no successor is appointed within sixty (60) days after the notice of resignation, the Controlling Person may appoint a Trustee or the resigning Trustee may appoint a successor or petition any court of competent jurisdiction to appoint a successor. Upon appointment of a successor Trustee, the resigning Trustee shall assign all of its right, title and interest in this Indenture and the Security to the successor Trustee. The successor Trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States, or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000. Any successor Trustee shall accept in writing its duties and responsibilities hereunder and such writing shall be filed with the Issuer, the Controlling Person and the Borrower.

(b) Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, reorganization or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or any material part of the corporate trust business of the Trustee that includes this Indenture, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any Person, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible to serve as Trustee under the provisions of this Indenture. If the Trustee is not the successor corporation in any such merger or consolidation, the Trustee shall give notice of such event to the Issuer and the Borrower and shall take such action as may be required to effect a transfer of the trust included in this Indenture to such successor corporation.

Section 7.5 Removal of Trustee. The Trustee may be removed at any time by thirty (30) days advance notice, by an instrument or concurrent instruments in writing delivered to the Trustee, the Issuer the Controlling Person and the Borrower and signed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding. During such time that no Event of Default has occurred and is continuing under this Indenture, the Trustee may also be removed with thirty (30) days advance notice by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer and signed by the Controlling Person, with notice to the Borrower. Such removal shall take effect only upon the appointment of a successor Trustee by the Issuer with the consent of the Controlling Person and the acceptance of such appointment by the successor Trustee. Upon such removal, the Trustee shall assign to the successor Trustee

all of its right, title and interest in this Indenture and the Security in the same manner as provided in Section 7.4 hereof.

Section 7.6 Instruments of Holders.

(a) Any instrument required by this Indenture to be executed by Holders may be in any number of writings of similar tenor and may be executed by Holders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds given in any of the following forms shall be sufficient for any of the purposes of this Indenture:

(i) A certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him/her the execution thereof; and

(ii) A certificate executed by any trust company or bank stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank, as the property of such party, the Bonds therein mentioned.

(b) The Trustee may rely on such an instrument of Holders unless and until the Trustee receives notice in the form specified in clauses (a) (i) or (ii) above that the original such instrument is no longer reliable. In the absence of direction from the Controlling Person, if the Trustee shall receive conflicting directions from two or more groups of Holders, each with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, the directions given by the group of Holders which holds the largest percentage of the principal amount of the Bonds shall be controlling and the Trustee shall follow such directions.

Section 7.7 Power to Appoint Co-Trustees.

(a) At any time or times, for the purpose of meeting any requirements of any jurisdiction in which any part of the Project Facilities may at the time be located, the Issuer and the Trustee shall have power to appoint and, upon the request of the Trustee or of the Holders of a majority of the aggregate principal amount of the Bonds then Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons approved by the Trustee and the Borrower either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Project Facilities, or to act as separate trustee or separate co-trustees of all or any part of the Project Facilities, and to vest in such person or persons, in such capacity, such title to the Project Facilities or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section 7.7.

(b) Any co-trustee or separate trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

(c) The Trustee and co-trustee, if any, may by written instrument between them designate and assign either the Trustee or the co-trustee or both of them to perform all or any part of the responsibilities and duties of the Trustee under this Indenture.

(d) If the Issuer shall not have joined in such appointment within thirty (30) days after the receipt by it of a written request to do so, or in case an Event of Default shall have occurred and be continuing, the Trustee and the Borrower shall have the power to make such appointment.

(e) The Issuer shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

(f) Every co-trustee or separate trustee appointed pursuant to this Section 7.7, to the extent permitted by law or any applicable contract, shall be subject to the following terms, namely:

(i) This Indenture shall become effective at the time the Bonds shall be authenticated and delivered, and thereupon such co-trustee or separate trustee shall have all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property.

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees, or separate trustee or separate trustees, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, 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 co-trustees or separate trustee or separate trustees.

(iii) 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.

(iv) Any co-trustee or separate trustee, to the extent permitted by law, may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(v) The Trustee at any time, by an instrument in writing, with the concurrence of the Issuer, may accept the resignation of 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. 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 7.7.

(vi) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(vii) Any moneys, paper, 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.

(g) Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with the Security Interest in the Security and with such rights, powers, duties, trusts or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as applicable law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee.

(h) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the Security Interest in the Security and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the same manner as provided for with respect to the appointment of a successor Trustee pursuant to Section 7.4 hereof.

Section 7.8 Filing of Financing Statements. Pursuant to Section 3.2 of the Loan Agreement, the Borrower has agreed to file or record or cause to be filed or recorded all Financing Statements that are required in order fully to protect and preserve the security interests and the priority thereof and the rights and powers of the Trustee in connection therewith. The Trustee shall file all continuation statements for the purpose of continuing without lapse the effectiveness of those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the UCC and for which the Trustee had received the original, filed Financing Statement. The Borrower will pay all costs of preparation and filing of the Financing Statements and all financing and continuation statements required under Section 3.2 of the Loan Agreement.

ARTICLE VIII. AMENDMENTS, SUPPLEMENTAL INDENTURES

Section 8.1 Supplemental Indentures.

(a) The Issuer and the Trustee, with the prior written consent of the Controlling Person, but without the consent of or notice to any Holders, may enter into an indenture or indentures supplemental to this Indenture that do not materially adversely affect the interest of the Holders for one or more of the following purposes:

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

(ii) to grant or pledge to the Trustee for the benefit of Holders, any additional security other than that granted or pledged under this Indenture;

(iii) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

(iv) to appoint a successor Trustee or co-trustees in the manner provided in Article VII hereof;

(v) to modify, amend or supplement this Indenture to permit a transfer of Bonds from one Securities Depository to another or the discontinuance of the Book-Entry System and issuance of replacement Bonds to the Beneficial Owners;

(vi) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not (in the judgment of the Controlling Person) materially adversely affect the interest of the Holders; or

(vii) to make any change herein necessary, in the opinion of Bond Counsel, to maintain the exclusion of the interest on any Tax-Exempt Bonds from gross income of the Holders thereof for federal income tax purposes.

(b) If all conditions precedent under this Indenture have been met, and there shall have been delivered to the Trustee a Favorable Opinion of Bond Counsel to the effect that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, subject to the provisions of Section 8.2(b) hereof, the Trustee shall join the Issuer in the execution of any such supplemental indenture.

(c) Upon written request, the Trustee shall file copies of all such supplemental indentures with the Borrower. The Trustee shall upon written request cause notice of any supplemental indenture described above to be given by first-class mail, postage prepaid (or in the case of Bonds administered in the Book-Entry System, given pursuant to the applicable procedure of the Securities Depository), to the Holders of the Outstanding Bonds then shown on the Register.

Section 8.2 Amendments to Indenture; Consent of Majority Owner, Holders and Borrower.

(a) Exclusive of supplemental indentures covered by Section 8.1 hereof and subject to the terms and provisions contained in this Section 8.2, and not otherwise, anything contained in this Indenture to the contrary notwithstanding, no indenture or indentures supplemental hereto for the purpose of modifying, altering, amending, adding to or rescinding, in any particular manner, any of the terms or provisions contained in this Indenture or in any supplemental indenture shall be effective without delivery of a Favorable Opinion of Bond Counsel, the written consent of the Controlling Person and execution and delivery by the Trustee (acting upon the direction of the Controlling Person) and the Issuer; provided, however, that nothing contained in this Section 8.2 shall permit, or be construed as permitting, without the prior written consent of all of the affected Holders Outstanding Bonds of either or both series, (i) an extension of the maturity of the principal of, or the optional, extraordinary or mandatory redemption date of, or interest on, any Bond, (ii) a reduction in the principal amount of or the rate of interest on, any Bond, (iii) except as otherwise expressly provided herein, a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) the creation of a lien on the Security prior to the lien of this Indenture, or (v) a reduction in the aggregate principal amount of the Bonds required for any consent to any supplemental indenture. The giving of notice to and consent of the Holders to any such proposed supplemental indenture shall be obtained in accordance with Section 8.5 hereof.

(b) The Trustee may but will not be required to join the Issuer in the execution of any such supplemental indenture or other document described under this Article VIII if it affects its own rights, duties or immunities under this Indenture. If the Trustee determines to enter into a

supplemental indenture that increases its obligations hereunder, the Trustee shall be reasonably compensated for such additional obligations on the Trustee not initially contemplated and the indemnification rights of the Trustee cover any changes in the Trustee's rights and immunities under this Indenture or otherwise. Any additional compensation or the expansion of any indemnity obligation shall be the sole responsibility of the Borrower.

(c) Anything herein to the contrary notwithstanding, a supplemental indenture, amendment or other document described under this Article VIII that affects any rights or obligations of the Borrower shall not become effective unless and until the Borrower shall have consented to the execution of such supplemental indenture, amendment or other document.

Section 8.3 Amendments to Loan Agreement or Note not Requiring Consent of Holders.

(a) The Issuer shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to the Loan Agreement or the Note without the prior written consent of the Trustee, the Borrower and the Controlling Person. The Issuer may, with the consent of the Controlling Person, but without the consent of or notice to any other Holders, enter into or permit (and the Trustee shall consent to) any amendment of the Loan Agreement or the Note acceptable to the Borrower as may be required (i) for the purpose of curing any ambiguity or formal defect or omission that shall not adversely affect the interest of the Holders, (ii) to grant or pledge to the Issuer or Trustee, for the benefit of the Holders any additional security, (iii) to make any change therein necessary, in the opinion of Bond Counsel, to maintain the exclusion of interest on any Outstanding Bonds from gross income of the Holders thereof for federal income tax purposes, or (iv) in connection with any other change therein which, in the judgment of the Controlling Person, is not materially prejudicial to the interests of the Holders of the Bonds; provided, however, that without the written consent of the Trustee, the Trustee shall not be required to join in the execution of any such amendment that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee.

(b) The Issuer and the Borrower shall file copies of any such amendments to the Loan Agreement or the Note with the Trustee and the Controlling Person.

Section 8.4 Amendments to Loan Agreement or Note Requiring Consent of Holders.

Except as provided in Section 8.3 hereof, the Issuer shall not enter into, and the Trustee shall not consent to, any other modification or amendment of the Loan Agreement or the Note, nor shall any such modification or amendment become effective, without delivery of a Favorable Opinion of Bond Counsel and the prior written consent of the Controlling Person. No such amendment may, without the consent of the Holders of all the Outstanding Bonds, reduce the amounts or delay the times of payment of Repayments under the Loan Agreement or the Note. The Issuer and the Borrower shall file copies of all such amendments to the Loan Agreement or the Note with the Trustee, the Controlling Person and the Majority Owner. The giving of notice and consent of the Holders to any proposed amendment shall be obtained in accordance with Section 8.5 hereof.

Section 8.5 Notice to and Consent of Holders. If consent of the Majority Owner or any other Holder is required under the terms of this Indenture for the amendment of this Indenture, the Loan Agreement, the Note or for any other similar purpose, the Trustee upon written instruction shall cause notice of the proposed execution of the amendment or supplemental indenture to be given by first-class mail, postage prepaid (or pursuant to the applicable procedures of the Securities Depository, if applicable), to the Majority Owner or any other applicable Holder then shown on the Register, with a copy to the Controlling Person. Such notice shall briefly set forth the nature of the proposed amendment, supplemental indenture or other action and shall state that copies of any such amendment, supplemental indenture or other document

are on file at the principal office of the Trustee for inspection by all Holders. If, within forty five (45) days or such longer period as shall be prescribed by the Trustee following the Trustee's sending of such notice, the Majority Owner or Holders of all, as the case may be, of the principal amount of the Bonds Outstanding by instruments filed with the Trustee shall have consented to the amendment, supplemental indenture or other proposed action, then the Trustee may execute such amendment, supplemental indenture or other document or take such proposed action. If no such consent is obtained or if no response is given, the consent of the Majority Owner or other Holders, as applicable, shall be presumed not to have been given.

ARTICLE IX. CONTROLLING PERSON; SERVICING

Section 9.1 Controlling Person. The Majority Owner may engage a Person, collaterally assign some or all of its rights hereunder to a Person, or otherwise provide for a Person, at the Majority Owner's sole cost and expense, to act on behalf of the Majority Owner under the Bond Documents as the "Controlling Person". The Majority Owner may at any time and from time to time terminate or remove and replace any such Controlling Person. The Majority Owner shall give written notice to the Trustee and the Issuer of its appointment, termination, removal or replacement of any Controlling Person, and the Issuer and the Trustee may conclusively rely on any such notice until any subsequent notice is given. Initially, the Majority Owner has engaged Red Stone A7 LLC to act as the "Controlling Person" hereunder and Red Stone A7 LLC has accepted such engagement. The Majority Owner is under no obligation to appoint a Controlling Person; if at any time a Controlling Person has not been designated by the Majority Owner, all references to the "Controlling Person" herein and in the other Bond Documents shall refer to the Majority Owner. Any opinion required herein, in the Loan Agreement or in any other Bond Document that is addressed to the Controlling Person shall also be addressed to the Majority Owner and may be relied upon by the Majority Owner. The Majority Owner will have no liability to the Issuer, or any other Person for any act or omission of the Controlling Person unless the Controlling Person is the Majority Owner or such act or omission was expressly approved by the Majority Owner in each particular case but not, in any event, with respect to any liabilities, damages, costs or expenses against which any Person is indemnified under Section 2.5 of the Loan Agreement.

Section 9.2 Servicing.

(a) The Majority Owner has appointed the Controlling Person to be the servicer of the Loan and the Controlling Person has accepted such appointment. Satisfactory arrangements have previously been made for the payment of servicing fees and expenses in connection with the Controlling Person's servicing obligations hereunder, and the Borrower, the Majority Owner and the Trustee have no obligation for such payments. Without limiting the foregoing, the Controlling Person shall have no right or claim to any transfer or assumption fees, late charges, acceleration premium or Default Interest payable under this Indenture or Bond Documents; provided, however that, to the extent permitted under the Bond Documents, the Controlling Person shall be entitled to collect from the Borrower its normal and customary incidental fees and charges for any requested review, approval or other action, including, without limitation, in connection with any proposed transfer, loan assumption, easement, subordinate financing, release of collateral, condemnation proceeding, non-disturbance agreement or other similar action, unless such review, approval or other action is performed solely by the Majority Owner.

(b) The Controlling Person shall be responsible for the performance of the following servicing duties:

(i) The Controlling Person shall perform the duties expressly given to the Controlling Person under the Bond Documents and this Indenture.

(ii) The Controlling Person shall prepare monthly bills to the Borrower in accordance with the Bond Documents for payments to the Trustee of principal and interest under the Loan and for deposits into the Tax and Insurance Escrow Fund and the Replacement Reserve Fund. On the third to last Business Day of each calendar month, the Controlling Person shall notify the Borrower of the amount payable by the Borrower to the Trustee on the Note on the next Business Day and will provide a copy thereof to the Trustee. Such notification may be delivered by electronic mail or by facsimile. The Controlling Person shall diligently attempt to collect all of the following, at the times they are due and payable under this Indenture and Bond Documents:

- (1) The principal and interest due and payable on the Note;
- (2) The Trustee's fee and Issuer Fees and Expenses, as applicable;
- (3) Any monthly Replacement Reserve Fund deposit;
- (4) Any Monthly Tax and Insurance Amounts;
- (5) Any other escrow or reserve deposits required by this Indenture or Bond Documents;
- (6) Any assumption or transfer fee required by this Indenture or Bond Documents; and
- (7) Any acceleration premium.

(c) All payments received under this Indenture or Bond Documents shall be applied in the following order unless otherwise instructed by the Majority Owner or expressly set forth in this Indenture or Bond Documents:

- (i) To the principal and interest due and payable on the Note;
- (ii) To the Issuer Fees and Expenses and Trustee Fees and Expenses, as applicable;
- (iii) To the acceleration premium, if applicable;
- (iv) To required deposits to the Replacement Reserve Fund;
- (v) To required deposits in the Tax and Insurance Escrow Fund;
- (vi) To other escrow or reserve deposits required by this Indenture or the other Bond Documents;
- (vii) To Default Interest and any late fees; and
- (viii) To other amounts due under the Bond Documents.

Any payment received by the Controlling Person from or on behalf of the Borrower under this Indenture or the Bond Documents shall be remitted by the Controlling Person to the

Trustee no later than the second (2nd) Business Day after receipt by the Controlling Person, or sooner if so required under this Indenture or Bond Documents.

(d) The Controlling Person shall make any remittance to the Trustee by wire transfer in accordance with the instructions received from the Trustee, or to any other party entitled to such remittances pursuant this Indenture or the Bond Documents in accordance with the instructions received from the Majority Owner.

(e) The Controlling Person shall review the Tax and Insurance Escrow Fund and the Replacement Reserve Fund on an annual basis and adjust required monthly escrow payments in accordance with terms of Bond Documents. The Controlling Person shall notify the Majority Owner and the Trustee of such adjustment.

(f) The Controlling Person shall prepare monthly reports for the Majority Owner and the Trustee outlining the status of the Loan, including disbursements from the Replacement Reserve Fund, the Tax and Insurance Escrow Fund, the Operating Reserve Fund or any other Account under this Indenture, loan history schedules, outstanding loan balances and escrow balances and consents, approvals or waivers given by the Controlling Person, which reports shall be furnished to the Majority Owner no later than the fifteenth (15th) day of each calendar month (or the next Business Day thereafter if such fifteenth (15th) day is not a Business Day).

(g) The Controlling Person shall provide immediate written notice to the Majority Owner of any Event of Default of which it receives notice or has actual knowledge, or any event which, with the giving of notice or the passage of time, or both, would constitute any Event of Default of which it receives notice or has actual knowledge.

(h) The Controlling Person shall refer to the Trustee all Borrower requests for a quote of a payoff amount for the Loan, shall request in writing a copy of any such quote from the Trustee, and shall notify the Majority Owner of the Borrower's request. The Controlling Person shall prepare payoff letters and delinquency and default notices when necessary, as required by the Bond Documents or this Indenture or otherwise as directed by the Majority Owner.

(i) The Controlling Person shall use its best efforts to obtain financial statements and other reports from the Borrower at the times and to the extent required under the Bond Documents and deliver the same to the Majority Owner and the Trustee.

(j) The Controlling Person shall obtain, and shall provide to the Majority Owner a copy of the Borrower's certificates of compliance with the Regulatory and Land Use Restriction Agreement or other evidence of such compliance submitted by the Borrower to the Issuer or the Issuer's designee within thirty (30) days after the later of (i) the date it is required to be submitted to the Issuer or the Issuer's designee, or (ii) the date it is actually so submitted.

(k) The Controlling Person may perform additional duties with respect to the Loan during construction of the Project Facilities or during the period following an Event of Default at the request of the Majority Owner.

ARTICLE X. MISCELLANEOUS

Section 10.1 Right of Trustee to Pay Taxes and Other Charges. If any tax, assessment or governmental or other charge upon any part of such Project Facilities is not paid as required, the Trustee

may (but shall not be obligated to), subject to any indemnity required pursuant to Section 7.1(h) hereof, pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment until paid at the greater of the rate of interest borne by the Bonds or the per annum rate of interest announced from time to time by the bank serving as Trustee as its "prime rate" shall become so much additional indebtedness secured by this Indenture, shall be given a preference in payment over the Bonds, and shall be paid out of the Security.

Section 10.2 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, the Controlling Person and the Borrower, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, the Controlling Person and the Borrower as herein provided.

Section 10.3 Severability. If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses or sections of this Indenture, shall not affect the remaining portions of this Indenture or any part thereof.

Section 10.4 Notices. Except as otherwise provided herein, all notices, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service, electronic mail, or facsimile transmitter (with confirmed receipt) to the address or facsimile number set forth below and shall be deemed to have been given on the date deposited in the mail, if mailed, by first-class, registered or certified mail, postage prepaid, addressed as set forth below. Where required herein, notice shall be given by telephone, and promptly confirmed in writing, and shall be deemed given when given by telephone to the telephone numbers set forth below. The Issuer, the Borrower, the Trustee, the Majority Owner, the Controlling Person and the Tax Credit Investor may, by written notice given hereunder, designate any different addresses, phone numbers, electronic mail addresses, and facsimile numbers to which subsequent notices, certificates, approvals, consents, requests or other communications shall be sent.

To the Issuer:

Austin Housing Finance Corporation
1000 East 11th Street, 2nd Floor
Austin, Texas 78702
Attention: Neighborhood Development
Program Manager

With a copy to:

McCall, Parkhurst & Horton LLP
717 North Harwood, Suite 900
Dallas, Texas 75201
Attention: Mark Malveaux

To the Borrower:

Elysium Grand, LP
c/o Austin Housing Finance Corporation
1124 S IH 35

Austin, Texas 78704

and: LDG Development, LLC
1305 E. 6th Street
Austin, Texas 78702
Attention: Justin Hartz

and: Coats Rose, P.C.
9 Greenway Plaza, Suite 1100
Houston, Texas 77046-0307
Attention: Barry Palmer

and: Adams Law Group
6004 Brownsboro Park Boulevard, Suite A
Louisville, Kentucky 40207
Attention: Robert W. Adams III, Esq.

and: Shackelford, Bowen, McKinley & Norton, LLP
9201 N. Central Expressway, 4th Floor
Dallas, Texas 75231
Attention: John C. Shackelford

and: The Tax Credit Investor

To the Trustee: BOKF, NA, as trustee
777 Main Street
Suite 3500
Fort Worth, Texas 76102
Attention: Corporate Trust Department

To the Majority Owner: At the address provided in writing by the
Majority Owner to the Trustee

To the Controlling Person: Red Stone A7 LLC
666 Old Country Road, Suite 603
Garden City, New York 11530
Attention: Kiki Mastorakis

With a copy to: Greenberg Traurig, LLP
2700 Two Commerce Square
2001 Market Street
Philadelphia, Pennsylvania 19103
Attention: Dianne Coady Fisher

If to Tax Credit Investor:

[_____]
c/o Boston Capital Partners, Inc.
One Boston Place, 21st Floor
Boston, MA 02108
Attn: Asset Management – Elysium Grand

With a copy to:

Holland & Knight LLP
10 St. James Avenue
Boston, MA 02116
Attn: Doug Clapp, Esq.

**If to the Class B Special
Limited Partner:**

Four horizontal lines for signature.

With a copy to:

Four horizontal lines for signature.

Section 10.5 Payments Due on Non-Business Days. In any case where the date of maturity of, interest on or premium, if any, or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Section 10.6 Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Indenture.

Section 10.7 Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

Section 10.8 Governing Law. This Indenture shall be governed by and interpreted in accordance with the laws of the State, without regard to conflict of laws principles.

Section 10.9 Limited Liability of Issuer. Notwithstanding anything to the contrary, any liability for payment of money and any other liability or obligation which the Issuer may incur under the Bonds, this Indenture, the Loan Agreement, the Purchase Agreement or any other Bond document shall not

constitute a general obligation of the Issuer but shall constitute limited obligations of the Issuer payable solely from and enforced only against the Security.

Section 10.10 Execution in Counterparts; Electronic Signatures. 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. To the fullest extent permitted by applicable law and except for the certificate of authentication on the Bonds (which must be manually signed by an authorized representative of the Trustee) and instruments of transfer of the Bonds, facsimile or electronically transmitted signatures shall constitute original signatures for all purposes under this Indenture.

Section 10.11 Issuer Tax Covenants.

(a) The Issuer shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction, or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on the Tax-Exempt Bonds to become includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until there shall have been provided a Favorable Opinion of Bond Counsel with respect to such failure to comply, the Issuer shall comply with each of the specific covenants in this Section 10.11.

(b) With respect to the authority to invest funds granted in this Indenture, the Issuer and the Trustee hereby covenant with the Holders of the Tax-Exempt Bonds that, subject to the Borrower's direction of the investment of funds with the consent of the Controlling Person, they will make no use of the proceeds of the Tax-Exempt Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code, which would cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning thereof.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed in its name and on its behalf by its authorized official and the Trustee has caused this Indenture to be executed in its name and on its behalf by its duly authorized representative, all as of the day and year first above written.

**AUSTIN HOUSING FINANCE
CORPORATION**

By: _____
Name:
Title:

BOKF, NA, as trustee

By: _____
Name:
Title:

EXHIBIT A-1
FORM OF TAX-EXEMPT BOND

AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(ELYSIUM APARTMENTS)
SERIES 2018A

No. R-___

DATED DATE	MATURITY DATE	BOND COUPON RATE	CUSIP NO.
October __, 2018	October 1, 2058	5.10%	

REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT: [TEN MILLION DOLLARS (\$10,000,000)]

The Austin Housing Finance Corporation, a Texas public non-profit corporation (the "Issuer"), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption), (A) on each Principal Payment Date and the Maturity Date specified above, the applicable portion of the Principal Amount specified above, as reflected in Schedule 1 attached hereto (B) if applicable, any premium due in respect of these Bonds, and (C) interest on the Bonds, at the per annum Bond Coupon Rate specified above, payable on the first Business Day of each month, commencing October 1, 2018 to the person whose name appears on the registration books on day before such day (whether or not a Business Day) (a "Record Date") and to pay any other amounts as specified in the Indenture (hereinafter defined).

Payments in respect of the Bonds administered in the Book-Entry System (including principal, premium and interest) will be made by wire transfer of immediately available funds to the accounts specified by the Securities Depository.

BOKF, NA, as trustee (the "Trustee"), will make all payments in respect of a certificated Bond (including principal, premium and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a certificated Bond will be made by wire transfer to an account maintained by the payee with a bank in the continental United States if such Holder elects, at its expense, payment by wire transfer by giving written notice to the Trustee to such effect designating such account no later than thirty (30) days immediately preceding the relevant Record Date for payment (and otherwise complies with the reasonable requirements of the Trustee).

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

This Bond is one of an issue of duly authorized Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018A issued in the aggregate principal amount of [\$10,000,000] (the "Bonds"), pursuant to the provisions of Chapter 394, Texas Local Government Code, as amended (the "Act"), and that certain Indenture of Trust dated as of October 1, 2018 (as amended, modified or supplemented from time to time, the "Indenture") between the Issuer and the Trustee.

The proceeds from the Bonds, are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of October 1, 2018 (as amended, modified or supplemented from time to time, the "Loan Agreement"), between the Issuer and the Borrower, to finance the acquisition, construction and equipping of a residential rental development located in Austin, Travis County, Texas, and to be known as "Elysium Apartments" (the "Project Facilities"). The Borrower's payment obligations under the Loan Agreement will be evidenced by the Note and secured by the Mortgage.

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

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

THIS BOND IS ISSUED UNDER CHAPTER 394, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED. THIS BOND AND THE PREMIUM, IF ANY, AND INTEREST HEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE EXCLUSIVELY FROM THE SECURITY. THIS BOND IS NOT A DEBT OR OTHER OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE ISSUER (EXCEPT TO THE EXTENT OF THE SECURITY), ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, CITY OF AUSTIN, TEXAS OR THE STATE OF TEXAS, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, CITY OF AUSTIN, TEXAS OR THE STATE OF TEXAS. THIS BOND DOES NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE, THE CITY OF AUSTIN, TEXAS, TRAVIS COUNTY, TEXAS, OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THE ISSUER HAS NO TAXING POWER. THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR ANY PREMIUM OR INTEREST ON THIS BOND AND THE FULL FAITH AND CREDIT AND THE TAXING POWER OF THE STATE OF TEXAS ARE NOT PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THIS BOND.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, DIRECTOR, MEMBER, EMPLOYEE OR AGENT OF THE ISSUER, OR ANY SUCCESSOR TO THE ISSUER, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND IN CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

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

By its purchase of this Bond, the registered owner hereof agrees to the appointment of the Controlling Person as provided in the Indenture and authorizes the Controlling Person to exercise such rights and remedies afforded to the Controlling Person on behalf of the Bondholder as provided in the Bond Documents.

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

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

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

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

Neither the trustees, officers, agents, employees or representatives of the Issuer nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly

released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless either (i) the Trustee shall have executed the Certificate of Authentication appearing hereon, or (2) the Comptroller's Registration Certificate hereon has been executed by an authorized representative of the Comptroller of Public Accounts of the State of Texas

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

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

AUSTIN HOUSING FINANCE
CORPORATION

By: _____
Name:
Title:

Attest:

Name:
Title:

SCHEDULE 1

[FORM OF CERTIFICATE OF AUTHENTICATION – Include only on definitive Bonds]

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds referred to in the within mentioned Indenture.

Date of Authentication: _____

BOKF, NA, as trustee

By: _____
Authorized Signatory

[FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE – Include only on Initial Bond]

COMPTROLLER'S REGISTRATION CERTIFICATE

Office of the Comptroller § Register No. _____
of Public Accounts of §
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 that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____

Comptroller of Public Accounts of the
State of Texas

(Comptroller's Seal)

ASSIGNMENT FOR TRANSFER

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

Date:

Signature Guaranteed:

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

Signature

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

**EXHIBIT A-2
FORM OF TAXABLE BOND**

**AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(ELYSIUM APARTMENTS)
SERIES 2018B**

No. R-___

DATED DATE	MATURITY DATE	BOND COUPON RATE	CUSIP NO.
September __, 2018	September 1, 20__	___%	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [_____] (\$_____)]

The Austin Housing Finance Corporation, a Texas public non-profit corporation (the "Issuer"), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption), (A) on each Principal Payment Date and the Maturity Date specified above, the applicable portion of the Principal Amount specified above, as reflected in Schedule 1 attached hereto (B) if applicable, any premium due in respect of these Bonds, and (C) interest on the Bonds, at the per annum Bond Coupon Rate specified above, payable on the first Business Day of each month, commencing October 1, 2018 to the person whose name appears on the registration books on day before such day (whether or not a Business Day) (a "Record Date") and to pay any other amounts as specified in the Indenture (hereinafter defined).

Payments in respect of the Bonds administered in the Book-Entry System (including principal, premium and interest) will be made by wire transfer of immediately available funds to the accounts specified by the Securities Depository.

BOKF, NA, as trustee (the "Trustee"), will make all payments in respect of a certificated Bond (including principal, premium and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a certificated Bond will be made by wire transfer to an account maintained by the payee with a bank in the continental United States if such Holder elects, at its expense, payment by wire transfer by giving written notice to the Trustee to such effect designating such account no later than thirty (30) days immediately preceding the relevant Record Date for payment (and otherwise complies with the reasonable requirements of the Trustee).

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

This Bond is one of an issue of duly authorized Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018A issued in the aggregate principal amount of [\$10,000,000] (the "Bonds"), pursuant to the provisions of Chapter 394, Texas Local Government Code, as amended (the "Act"), and that certain Indenture of Trust dated as of October 1, 2018 (as amended, modified or supplemented from time to time, the "Indenture") between the Issuer and the Trustee.

The proceeds from the Bonds, are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of October 1, 2018(as amended, modified or supplemented from time to time, the "Loan Agreement"), between the Issuer and the Borrower, to finance the acquisition, construction and equipping of a residential rental development located in Austin, Travis County, Texas, and to be known as "Elysium Apartments" (the "Project Facilities"). The Borrower's payment obligations under the Loan Agreement will be evidenced by the Note and secured by the Mortgage.

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

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

THIS BOND IS ISSUED UNDER CHAPTER 394, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED. THIS BOND AND THE PREMIUM, IF ANY, AND INTEREST HEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE EXCLUSIVELY FROM THE SECURITY. THIS BOND IS NOT A DEBT OR OTHER OBLIGATION, EITHER GENERAL OR SPECIAL, OF THE ISSUER (EXCEPT TO THE EXTENT OF THE SECURITY), ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, CITY OF AUSTIN, TEXAS OR THE STATE OF TEXAS, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, ANY OFFICER, DIRECTOR OR MEMBER OF THE ISSUER, CITY OF AUSTIN, TEXAS OR THE STATE OF TEXAS. THIS BOND DOES NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE, THE CITY OF AUSTIN, TEXAS, TRAVIS COUNTY, TEXAS, OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THE ISSUER HAS NO TAXING POWER. THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR ANY PREMIUM OR INTEREST ON THIS BOND AND THE FULL FAITH AND CREDIT AND THE TAXING POWER OF THE STATE OF TEXAS ARE NOT PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THIS BOND.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OR PREMIUM, IF ANY, OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, DIRECTOR, MEMBER, EMPLOYEE OR AGENT OF THE ISSUER, OR ANY SUCCESSOR TO THE ISSUER, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND IN CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

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

By its purchase of this Bond, the registered owner hereof agrees to the appointment of the Controlling Person as provided in the Indenture and authorizes the Controlling Person to exercise such rights and remedies afforded to the Controlling Person on behalf of the Bondholder as provided in the Bond Documents.

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

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

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

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

Neither the trustees, officers, agents, employees or representatives of the Issuer nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly

released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless either (i) the Trustee shall have executed the Certificate of Authentication appearing hereon, or (2) the Comptroller's Registration Certificate hereon has been executed by an authorized representative of the Comptroller of Public Accounts of the State of Texas

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

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

AUSTIN HOUSING FINANCE
CORPORATION

By: _____
Name:
Title:

Attest:

Name:
Title:

SCHEDULE 1

[FORM OF CERTIFICATE OF AUTHENTICATION – Include only on definitive Bonds]

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds referred to in the within mentioned Indenture.

Date of Authentication: _____.

BOKF, NA, as trustee

By: _____
Authorized Signatory

[FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE – Include only on Initial Bond]

COMPTROLLER'S REGISTRATION CERTIFICATE

Office of the Comptroller § Register No. _____
of Public Accounts of §
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 that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____.

Comptroller of Public Accounts of the
State of Texas

(Comptroller's Seal)

ASSIGNMENT FOR TRANSFER

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

Date:

Signature Guaranteed:

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

Signature

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

LOAN AGREEMENT

by and between

AUSTIN HOUSING FINANCE CORPORATION

and

ELYSIUM GRAND, LP

Dated as of September 1, 2018.

Relating to:

[\$_____]

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Elysium Apartments) Series 2018A

and

[\$_____]

Austin Housing Finance Corporation
Taxable Multifamily Housing Revenue Bonds
(Elysium Apartments) Series 2018B

The amounts payable to Austin Housing Finance Corporation (the “**Issuer**”) and other rights of the Issuer (except for Reserved Rights), under this Loan Agreement have been pledged and assigned to BOKF, NA, as trustee (the “**Trustee**”) under the Indenture of Trust between the Issuer and the Trustee dated as of September 1, 2018.

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LOAN AGREEMENT

This **LOAN AGREEMENT** (as amended, modified or supplemented from time to time, this "**Agreement**") made as of September 1, 2018, by and between **AUSTIN HOUSING FINANCE CORPORATION**, a public non-profit housing finance corporation duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the "**Issuer**"), and **ELYSIUM GRAND, LP**, a limited partnership duly organized and validly existing under the laws of the State of Texas (together with its permitted successors and assigns, the "**Borrower**"),

WITNESSETH:

WHEREAS, the Issuer is authorized under Chapter 394 of the Texas Local Government Code, as amended (the "**Act**") to enter into loan agreements with respect to one or more projects authorized under the Act for such payments and upon such terms and conditions as the Issuer may deem advisable in accordance with the provisions of the Act; and

WHEREAS, the Issuer has determined that the public purposes set forth in the Act will be furthered by the issuance, sale and delivery of [\$10,000,000] in original aggregate principal amount of its Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018A (the "**Tax-Exempt Bonds**") and [\$_____] in original aggregate principal amount of its Taxable Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018B (the "**Taxable Bonds**") and, together with Tax-Exempt Bonds, the ("**Bonds**"), pursuant to an Indenture of Trust (as amended, modified or supplemented from time to time, the "**Indenture**"), dated as of November 1, 2018, between the Issuer and BOKF, NA, as trustee (together with any successor trustee under the Indenture and their respective successors and assigns, the "**Trustee**"), to provide funds to finance a portion of the costs of the acquisition, construction and equipping of the Project Facilities (as hereunder defined); and

WHEREAS, the proceeds of the Bonds are being applied to finance a portion of the costs of the acquisition, construction and equipping of a residential rental development consisting of a total of ninety (90) units and related personal property and equipment, located in Austin, Travis County, Texas and known as "Elysium Apartments" (the "**Project Facilities**").

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE COVENANTS AND UNDERTAKINGS HEREIN EXPRESSED AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY AND RECEIPT OF WHICH ARE HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND, THE BORROWER AND THE ISSUER HEREBY AGREE AS FOLLOWS:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. In this Agreement (except as otherwise expressly provided for or unless the context otherwise requires), any capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Indenture.

Section 1.2 Rules of Construction; Time of Day. In this Agreement, unless otherwise indicated, (i) defined terms may be used in the singular or the plural and the use of any gender includes all genders, (ii) the words "hereof", "herein", "hereto", "hereby" and "hereunder" refer to this entire Agreement, and (iii) all references to particular Articles or Sections are references to the Articles or Sections of this Agreement, (iv) the terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants", (v) the term "including" shall mean "including, but not limited to," and

(vi) the terms "best knowledge" or "knowledge" shall mean the actual knowledge of any Authorized Person of the Borrower after due inquiry. References to any time of the day in this Agreement shall refer to Eastern standard time or Eastern daylight saving time, as in effect in New York, New York on such day.

ARTICLE 2 LOAN AND PROVISIONS FOR REPAYMENT

Section 2.1 Basic Loan and Repayment Terms.

(a) The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds. The Loan shall be made by depositing the proceeds from the initial sale of the Bonds in accordance with Article IV of the Indenture. Such proceeds shall be disbursed to or on behalf of the Borrower as provided for in Article 9 of this Agreement and in the Indenture. The Borrower's obligation to repay the Loan shall be evidenced by the Note, the form of which is attached hereto as Exhibit A.

(b) The Borrower hereby agrees to pay the Note and repay the Loan made pursuant to this Agreement by paying or causing to be paid to the Trustee in immediately available funds for the account of the Issuer for deposit into the Bond Fund or the Redemption Fund, as applicable, on the dates and in the amounts set forth on Schedule 3 hereto, and any other date that any payment of interest premium, if any, or principal is required to be made in respect of the Bonds pursuant to the Indenture, whether at maturity, upon acceleration or by sinking fund redemption or mandatory redemption, until the principal of premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, a sum which will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or upon mandatory redemption or acceleration or otherwise), premium, if any, and interest on the Bonds, as provided in the Indenture.

(c) It is understood and agreed that the Note is endorsed, and all payments payable by the Borrower under this Section 2.1 are assigned, by the Issuer to the Trustee for the benefit of the Bondholders. The Borrower assents to such assignment. The Issuer hereby directs the Borrower and the Borrower hereby agrees to pay to the Trustee, at the address specified in or in accordance with Section 10.1 hereof, all loan re-payments payable to the Issuer pursuant to the Note and this Section 2.1.

(d) The Borrower shall have, and is hereby granted, the option to prepay the unpaid principal amount of the Loan, together with any applicable premium and interest thereon to the date of redemption of the Bonds, but only pursuant to the provisions of Section 2.3(b) hereof and Section 2.12(a) of the Indenture with respect to voluntary prepayment of the Loan and optional redemption of the Bonds.

Section 2.2 Fees.

(a) On the date of execution and delivery of this Agreement, the Borrower shall pay, or cause to be paid, (i) to Red Stone Tax-Exempt Funding LLC, an origination fee equal to \$ _____ (the "**Origination Fee**"), (ii) to Red Stone A7 LLC, a construction monitoring fee equal to \$ _____ (the "**Monitoring Fee**"), (iii) to the Issuer, a closing fee equal to \$ _____, and (iv) to the Trustee, a closing fee equal to \$8,000.00.

(b) The Borrower shall pay (as directed by the Controlling Person) on the date of execution and delivery hereof and on first Business Day of each month commencing on October 1, 2018, through Final Completion of the Work in respect of the Project Facilities, an amount equal to the costs of the Engineering Consultant incurred by the Controlling Person in the prior month in an amount not to exceed \$ _____ per month (plus travel and reasonable and necessary expenses).

- (c) The Borrower shall pay all reasonable fees and expenses of the Trustee.
- (d) The Borrower shall pay the Issuer Fees and Expenses.
- (e) The Borrower shall pay any and all special servicing fees or costs in accordance with Section 6.34 hereof and any extension fees due under Section 9.1 hereof.
- (f) On the Stabilization Date, the Borrower shall pay, or cause to be paid, to Red Stone A7 LLC a prepayment of the stabilization fee equal to \$6,000.

Section 2.3 Termination; Voluntary Prepayment and Redemption.

(a) Notwithstanding anything to the contrary contained in this Agreement or the other Bond Documents, the Controlling Person's and the Majority Owner's rights, interests and remedies hereunder and under the other Bond Documents shall not terminate or expire or be deemed to have been discharged or released until the earlier to occur of (i) the payment in full of the Bonds, or (ii) the defeasance of all of the Bonds. No such termination, expiration or release shall affect the survival of the indemnification provisions of this Agreement or any other provisions which by their terms expressly survive termination, expiration or release, all of which provisions shall survive any such termination, expiration or release.

(b) The Loan may be prepaid by the Borrower, and the Bonds shall be optionally redeemed pursuant to Section 2.12(a) of the Indenture, as follow:

(i) with respect to the Tax-Exempt Bonds, on any Interest Payment Date on or after January 1, 2029 and before January 1, 2033, upon the payment of one hundred and one percent (101%) of the principal amount of the Bonds plus the amount of any termination or breakage fees or prepayment penalties owed under any financing facilities or hedging arrangements in respect of the Bonds, plus interest accrued thereon to, but not including, the date of redemption;

(ii) with respect to the Tax-Exempt Bonds, on any Interest Payment Date on or after January 1, 2033, upon the payment of one hundred percent (100%) of the principal amount of Bonds plus interest accrued thereon to, but not including, the date of redemption, without premium or penalty; and

(iii) with respect to the Taxable Bonds, on any Interest Payment Date on or after _____ 1, 20____, upon the payment of one hundred percent (100%) of the principal amount of the Bonds plus interest accrued thereon to, but not including, the date of redemption, without premium or penalty.

(c) Acceleration of the obligations of the Borrower hereunder upon an Event of Default prior to January 1, 2033, shall constitute an evasion of the prepayment provisions of this Agreement and any tender of payment of an amount necessary to satisfy the entire indebtedness evidenced by this Agreement shall include an acceleration premium equal to the amount of interest which would have accrued on the amount of Bonds scheduled to be Outstanding from the date of acceleration to, but not including, January 1, 2033, plus the amount of any termination or breakage fees or prepayment penalties owed under any financing facilities or hedging arrangements in respect of the Bonds.

(d) The Borrower shall be required to prepay the Loan at the times and in the amounts necessary to provide funds for the payment of the mandatory redemption of the Bonds pursuant to Section 2.12(b) of the Indenture. In addition, on each Interest Payment Date, the Borrower shall pay to the

Trustee for deposit into the Redemption Fund the amount, if any, set forth for such purpose on Schedule 3 hereto, which amount shall be applied on each Principal Payment Date to the mandatory sinking fund redemption of the Bonds pursuant to Section 2.12(c) of the Indenture.

(e) Notwithstanding the foregoing, the Borrower shall have the right at any time to defease the Bonds in accordance with the provisions of Article II of the Indenture, without premium or penalty, except as may be due in connection with a redemption of the Bonds prior to January 1, 2033 if the Borrower elects to defease the Bonds to a redemption date before January 1, 2033.

Section 2.4 Obligations Absolute. The obligations of the Borrower under this Agreement shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including without limitation the following circumstances: (i) any lack of validity or enforceability of the Bond Documents or any other agreement or document relating thereto; (ii) any amendment or waiver of or any consent to or departure from the Bond Documents or any document relating thereto; or (iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against the Issuer or the Trustee (or any persons or entities for whom the Trustee may be acting) or any other person or entity, whether in connection with this Agreement, the transactions described herein or any unrelated transaction. The Borrower understands and agrees that no payment by it under any other agreement (whether voluntary or otherwise) shall constitute a defense to its obligations hereunder, except to the extent that the Loan evidenced hereby has been indefeasibly paid in full, whether owing under this Agreement or under the other Bond Documents.

Section 2.5 Indemnification. THE BORROWER INDEMNIFIES AND HOLDS HARMLESS THE ISSUER, THE TRUSTEE, THE CONTROLLING PERSON AND THE MAJORITY OWNER, EACH OF THEIR RESPECTIVE AFFILIATES AND EACH OF THEIR AND THEIR AFFILIATES' RESPECTIVE MEMBERS, PARTNERS, SHAREHOLDERS, DIRECTORS, MANAGERS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND AGENTS (COLLECTIVELY, THE "INDEMNIFIED PARTIES"), EXCEPT AS LIMITED BELOW, FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS OR EXPENSES (INCLUDING ATTORNEYS' FEES FOR COUNSEL OF EACH OF THE INDEMNIFIED PARTIES' CHOICE) WHATSOEVER WHICH THE INDEMNIFIED PARTIES MAY INCUR (OR WHICH MAY BE CLAIMED AGAINST ANY OF THE INDEMNIFIED PARTIES BY ANY PERSON OR ENTITY WHATSOEVER) BY REASON OF OR IN CONNECTION WITH:

(a) ANY BREACH BY THE BORROWER OF ANY REPRESENTATION, WARRANTY, COVENANT, TERM OR CONDITION IN, OR THE OCCURRENCE OF ANY DEFAULT BY BORROWER UNDER, THIS AGREEMENT OR THE OTHER BOND DOCUMENTS, INCLUDING ALL REASONABLE FEES OR EXPENSES RESULTING FROM THE SETTLEMENT OR DEFENSE OF ANY CLAIMS OR LIABILITIES ARISING AS A RESULT OF ANY SUCH BREACH OR DEFAULT OR ANY DETERMINATION OF TAXABILITY;

(b) THE INVOLVEMENT OF ANY OF THE INDEMNIFIED PARTIES IN ANY LEGAL SUIT, INVESTIGATION, PROCEEDING, INQUIRY OR ACTION AS A CONSEQUENCE, DIRECT OR INDIRECT, OF THE CONTROLLING PERSON'S OR THE MAJORITY OWNER'S ACTIONS TAKEN PURSUANT TO THIS AGREEMENT OR ANY OTHER EVENT OR TRANSACTION CONTEMPLATED BY ANY OF THE FOREGOING;

(c) THE ACCEPTANCE OR ADMINISTRATION OF THE BOND DOCUMENTS OR THE SECURITY INTERESTS THEREUNDER OR THE PERFORMANCE OF DUTIES UNDER THE BOND DOCUMENTS OR ANY LOSS OR DAMAGE TO PROPERTY OR ANY INJURY TO OR DEATH OF ANY PERSON THAT MAY BE OCCASIONED BY ANY CAUSE WHATSOEVER

PERTAINING TO THE PROJECT FACILITIES OR THE USE THEREOF, INCLUDING WITHOUT LIMITATION ANY LEASE THEREOF OR ASSIGNMENT OF ITS INTEREST IN THIS AGREEMENT;

(d) ANY ACT OR OMISSION OF THE BORROWER OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES OR LICENSEES IN CONNECTION WITH THE ADVANCES OR THE PROJECT FACILITIES, THE OPERATION OF THE PROJECT FACILITIES, OR THE CONDITION, ENVIRONMENTAL OR OTHERWISE, OCCUPANCY, USE, POSSESSION, CONDUCT OR MANAGEMENT OF WORK DONE IN OR ABOUT, OR FROM THE PLANNING, DESIGN, ACQUISITION, CONSTRUCTION OR EQUIPPING OF, THE IMPROVEMENTS OR ANY PART THEREOF;

(e) ANY LIEN (OTHER THAN A PERMITTED ENCUMBRANCE) OR CHARGE UPON PAYMENTS BY THE BORROWER TO THE ISSUER AND THE TRUSTEE HEREUNDER, OR ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES IMPOSED ON THE ISSUER OR THE TRUSTEE IN RESPECT OF ANY PORTION OF THE PROJECT FACILITIES;

(f) ANY VIOLATION OR ALLEGED VIOLATION OF ANY ENVIRONMENTAL LAW OR ANY INSPECTION, REVIEW OR TESTING WITH RESPECT TO, OR THE RELEASE OF ANY TOXIC SUBSTANCE FROM, THE PROJECT FACILITIES OR ANY PART THEREOF;

(g) THE ENFORCEMENT OF, OR ANY ACTION TAKEN BY THE ISSUER, THE TRUSTEE, THE CONTROLLING PERSON OR THE MAJORITY OWNER RELATED TO REMEDIES UNDER, THIS AGREEMENT, THE INDENTURE OR THE OTHER BOND DOCUMENTS;

(h) ANY ACTION, SUIT, CLAIM, PROCEEDING, AUDIT, INQUIRY, EXAMINATION, OR INVESTIGATION OF A JUDICIAL, LEGISLATIVE, ADMINISTRATIVE OR REGULATORY NATURE CONCERNING OR RELATED TO INTEREST PAYABLE ON THE TAX-EXEMPT BONDS NOT BEING EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION OR INTEREST ON THE BONDS NOT BEING EXEMPT FROM STATE INCOME TAXATION;

(i) ANY ACTION, SUIT, CLAIM OR DEMAND CONTESTING OR AFFECTING THE TITLE TO THE PROJECT FACILITIES;

(j) THE INVESTIGATION OF, PREPARATION FOR OR DEFENSE OF ANY LITIGATION, PROCEEDING OR INVESTIGATION IN CONNECTION WITH THE PROJECT FACILITIES OR THE TRANSACTIONS TO BE CONSUMMATED IN CONNECTION THEREWITH OF ANY NATURE WHATSOEVER, COMMENCED OR THREATENED AGAINST THE BORROWER, THE PROJECT FACILITIES OR ANY INDEMNIFIED PARTY; AND

(k) ANY BROKERAGE COMMISSIONS OR FINDERS' FEES CLAIMED BY ANY BROKER OR OTHER PARTY IN CONNECTION WITH THE BONDS OR THE PROJECT.

THE INDEMNIFICATION SET FORTH IN THIS SECTION 2.5 SHALL INCLUDE THE REASONABLE COSTS AND EXPENSES OF ANY INDEMNIFIED PARTY DEFENDING ITSELF OR INVESTIGATING ANY CLAIM OF LIABILITY AND OTHER REASONABLE EXPENSES AND ATTORNEYS' FEES INCURRED BY ANY INDEMNIFIED PARTY, PROVIDED THE BORROWER SHALL NOT BE REQUIRED TO INDEMNIFY AN INDEMNIFIED PARTY FOR ANY CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS OR EXPENSES TO THE EXTENT, BUT ONLY TO THE

EXTENT, CAUSED BY THE WILLFUL MISCONDUCT, BAD FAITH OR FRAUD OF THE ISSUER OR THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF SUCH INDEMNIFIED PARTY OTHER THAN THE ISSUER. THE INDEMNIFICATION DESCRIBED IN THIS SECTION 2.5 SHALL RELATE TO INDEMNIFIED OBLIGATIONS ARISING FROM AN INDEMNIFIED PARTY'S OWN NEGLIGENCE. THE OBLIGATIONS OF THE BORROWER UNDER THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT AND THE INDENTURE. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR THE INDENTURE TO THE CONTRARY, THE BORROWER AGREES (I) NOT TO ASSERT ANY CLAIM OR INSTITUTE ANY ACTION OR SUIT AGAINST THE TRUSTEE OR ITS EMPLOYEES ARISING FROM OR IN CONNECTION WITH ANY INVESTMENT OF FUNDS MADE BY THE TRUSTEE IN GOOD FAITH AS DIRECTED BY THE BORROWER, THE CONTROLLING PERSON OR THE MAJORITY OWNER, AND (II) TO INDEMNIFY AND HOLD THE TRUSTEE AND ITS EMPLOYEES HARMLESS AGAINST ANY LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE ARISING FROM OR IN CONNECTION WITH ANY SUCH INVESTMENT. NOTHING IN THIS SECTION 2.5 IS INTENDED TO LIMIT THE BORROWER'S OBLIGATIONS CONTAINED IN SECTION 2.1 AND 2.2 HEREOF. AMOUNTS PAYABLE TO ANY INDEMNIFIED PARTY HEREUNDER SHALL BE DUE AND PAYABLE FIVE (5) DAYS AFTER DEMAND AND WILL ACCRUE INTEREST AT THE DEFAULT RATE, COMMENCING WITH THE EXPIRATION OF THE FIVE (5) DAY PERIOD. WHEN THE INDEMNIFIED PARTY INCURS EXPENSES OR RENDERS SERVICE IN CONNECTION WITH ANY BANKRUPTCY OR INSOLVENCY PROCEEDING, SUCH EXPENSES (INCLUDING THE FEES AND EXPENSES OF ITS COUNSEL) AND THE COMPENSATION FOR SUCH SERVICES ARE INTENDED TO CONSTITUTE EXPENSES OF ADMINISTRATION UNDER ANY BANKRUPTCY LAW OR LAW RELATING TO CREDITORS RIGHTS GENERALLY. THE OBLIGATIONS OF BORROWER TO THE INDEMNIFIED PARTIES UNDER THIS SECTION 2.5 SHALL NOT BE SUBJECT TO THE RECOURSE LIMITATIONS OF SECTION 10.13 HEREOF.

Section 2.6 Amounts Remaining on Deposit Upon Payment of the Bonds. Upon payment in full of the Bonds or provision for the payment of the Bonds having been made pursuant to the Indenture, upon payment in full of the fees and expenses of the Issuer and the Trustee, and upon payment of amounts payable to the United States pursuant to any rebate requirement and all other amounts owed hereunder, under the Indenture or under any other Bond Document, all amounts on deposit with the Trustee pursuant to the Indenture, this Agreement or any other Bond Document shall be paid by the Trustee to the Borrower.

ARTICLE 3 SECURITY

Section 3.1 Mortgage and Other Security Documents. To further secure the Borrower's obligations under this Agreement, the Borrower shall, at its sole expense, execute and deliver to the Trustee (and where required, duly record), or cause the General Partner, the Developer and the Guarantors to execute and deliver, as applicable, (a) the Fee and Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (With Power of Sale), dated as of the date hereof, made by the Borrower to a trustee for the benefit of the Trustee, with the joinder of the Housing Authority of the City of Austin, covering the Project Facilities (the "**Mortgage**"); (b) the Environmental Indemnity Agreement, dated as of the date hereof, by the Borrower and the Guarantors in favor of the Trustee and the other indemnitors names therein (the "**Environmental Indemnity**"); (c) the Assignment of Management Agreement, dated as of the date hereof, by the Borrower to the Trustee, consented to by the Manager (the "**Assignment of Management Agreement and Consent**"); (d) the Replacement Reserve and Security Agreement, dated as of the date hereof, between the Borrower and the Trustee (the "**Replacement Reserve Agreement**"); (e) the Assignment of VASH Contract, dated as of the date hereof, by the Borrower to the Trustee covering the VASH Contract in effect for the Project Facilities, consented to by HUD (the "**Assignment of VASH**

Contract"); (f) the Assignment of Project Documents, dated as of the date hereof, by the Borrower to the Trustee (the "**Assignment of Project Documents**") and consented to by the Architect, the Contractor and the Engineer; (g) the Guaranty of Recourse Obligations, dated as of the date hereof, by the Guarantors in favor of the Trustee (the "**Guaranty of Recourse Obligations**"); (h) the Guaranty of Completion, dated as of the date hereof, by the Guarantors in favor of the Trustee (the "**Guaranty of Completion**"); (i) the Guaranty of Debt Service and Stabilization dated as of the date hereof, by the Guarantors in favor of the Trustee (the "**Guaranty of Debt Service**"); (j) the Assignment of Leases, Rents and Other Income, dated as of the date hereof, by the Borrower to the Trustee (the "**Assignment of Rents**"); (k) the Assignment of Capital Contributions, dated as of the date hereof, by the Borrower to the Trustee, with notice thereof to, the Tax Credit Investor (the "**Assignment of Capital Contributions**"); (l) a Limited Guaranty, Pledge of Partnership Interest and Security Agreement, dated the date hereof, by the General Partner in favor of the Trustee (the "**General Partner Pledge**"); and (m) a Developer [Limited Guaranty,] Pledge and Security Agreement dated as of the date hereof by Developer, in favor of the Trustee (the "**Developer Fee Pledge**").

Section 3.2 Financing Statements. The Borrower hereby authorizes the Trustee, without the signature of the Borrower, to file UCC continuation statements for which Trustee has received the original filed UCC finance statement and to perform such other acts under the UCC or other applicable Legal Requirements as are necessary or advisable to perfect and maintain perfection of the Issuer's and/or the Trustee's security interests under this Agreement, the Indenture, the Mortgage and the other Bond Documents provided that Trustee shall have no obligation hereunder in the absence of written instruction from the Borrower. The Borrower will pay upon demand the costs of preparing and filing any financing or continuation statements and the Financing Statements required under Section 7.8 of the Indenture in such public offices as the Controlling Person may designate.

ARTICLE 4 REPRESENTATIONS OF ISSUER

Section 4.1 Representations by the Issuer. The Issuer represents and warrants for the benefit of the Trustee, the Controlling Person, the Majority Owner and the Holders from time to time of the Bonds as follows:

(a) The Issuer is a public non-profit housing finance corporation duly organized and validly existing under the laws of the State of Texas and is authorized by the Act to execute and to enter into this Agreement and to undertake the transactions contemplated herein and to carry out its obligations hereunder.

(b) The Issuer has all requisite power, authority and legal right to execute and deliver the Bond Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant thereto, to perform and observe the provisions thereof and to carry out the transactions contemplated by the Bond Documents. All action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Bond Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by the Issuer do not contravene applicable law or any contractual restriction binding on or affecting the Issuer.

(c) The Issuer has duly approved the issuance of the Bonds and the loan of the proceeds thereof to the Borrower to finance a portion of the costs of acquisition, construction and equipping of the Project Facilities; and all authorizations, approvals, or other action by any Governmental Authority which would constitute a condition precedent to the performance by the Issuer of the obligations under the Bond Documents to which the Issuer is a party have been obtained or will be obtained on or before the Issue Date.

(d) This Agreement is, and each other Bond Document to which the Issuer is a party when executed and delivered by the parties thereto will be, legal, valid and binding special obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

(e) There is no default of the Issuer in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been incurred which does or could affect the validity and enforceability of the Bond Documents or the ability of the Issuer to perform its obligations thereunder, and no event has occurred and is continuing under the provisions of any such instrument or agreement which constitutes or, with the lapse of time or the giving of notice, or both, would constitute such a default.

(f) There are no obligations of the Issuer other than the Bonds that have been, are being or will be (i) sold at substantially the same time, (ii) sold pursuant to the same plan of financing, and (iii) reasonably expected to be paid from substantially the same source of funds.

(g) 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 knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture or this Agreement, or (ii) the exclusion from gross income of interest on the Bonds for purposes of federal income taxation or the exemption of interest on the Tax-Exempt Bonds from State income taxation.

(h) In connection with the authorization, issuance and sale of the Bonds to the initial purchaser thereof, the Issuer has complied in all material respects with all provisions of the laws of the State, including the Act. Except as set specifically set forth in the preceding sentence, no representation is made as to compliance with any state securities or "blue sky" laws.

(i) The Issuer has not assigned or pledged and will not assign or pledge its interest in this Agreement except as contemplated by Section 6.25 herein. The Bonds constitute the only bonds or other obligations of the Issuer in any manner payable from the revenues to be derived from this Agreement, and except for the Bonds, no bonds or other obligations have been or will be issued on the basis of this Agreement.

(j) The Issuer is not in default under any of the provisions of the laws of the State, which default would affect the issuance, validity or enforceability of the Bonds or the transactions contemplated by this Agreement or the Indenture.

(k) The Issuer covenants and agrees that it will take or cause to be taken all required actions to preserve the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. All of the amounts received upon the sale of the Tax-Exempt Bonds shall be allocated to, and shall be used, for the purpose of financing the aggregate basis of land and building costs within the meaning of Section 42(h)(4)(B) of the Code. To the extent within the reasonable control of the Issuer, and provided that the Issuer shall be under no duty to enforce compliance, the amounts received upon the sale of the Tax-Exempt Bonds and interest and other investment earnings on those amounts shall be allocated and used for financing Project Costs of the building and related land in the Project Facilities so that the aggregate basis of the building and related land, within the meaning of Section 42(h)(4) of the Code, shall be financed fifty percent (50%) or more from those amounts.

(l) The Issuer used no broker in connection with the execution hereof and the transactions contemplated hereby.

(m) THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT THE FUNDS APPLIED BY THE BORROWER WILL BE SUFFICIENT TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PROJECT FACILITIES OR THAT THE PROJECT FACILITIES WILL BE ADEQUATE OR SUFFICIENT FOR THE BORROWER'S INTENDED PURPOSES. THE ISSUER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT FACILITIES OR ANY PORTION THEREOF INCLUDING, WITHOUT LIMITATION, THE HABITABILITY THEREOF, THE MERCHANTABILITY OR FITNESS THEREOF FOR ANY PARTICULAR PURPOSES; THE DESIGN OR CONDITION THEREOF, THE WORKMANSHIP, QUALITY OR CAPACITY THEREOF, LATENT DEFECTS THEREIN, THE VALUE THEREOF, FUTURE PERFORMANCE OR THE COMPLIANCE THEREOF WITH ANY LEGAL REQUIREMENTS.

Section 4.2 No Liability of Issuer; No Charge Against Issuer's Credit. Any obligation of the Issuer created by, arising out of, or entered into in contemplation of this Agreement, including the payment of the principal of, premium if any, and interest on the Bonds, shall not impose or constitute a debt or pecuniary liability upon the Issuer, the State or any political subdivision thereof or constitute a charge upon the general credit or taxing powers of any of the foregoing. Any such obligation shall be payable solely out of the revenues and any other moneys derived hereunder and under the Indenture, except (as provided in the Indenture and in this Agreement) to the extent it shall be paid out of moneys attributable to the proceeds of the Bonds or the income from the temporary investment thereof. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement of the Issuer hereunder against any past, present or future trustee, officer, member, employee or agent of the Issuer, whether directly or indirectly, and all such liability of any such individual as such is expressly waived and released as a condition of and in consideration for the execution of this Agreement, the making of the loan of the proceeds of the Bonds to the Borrower, and the issuance of the Bonds.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower represents and warrants to and for the benefit of the Issuer, the Trustee, the Controlling Person, the Majority Owner and the Holders from time to time of the Bonds as follows:

Section 5.1 Existence. The Borrower is a limited partnership, duly organized and validly existing under the laws of the State of Texas. The Borrower has furnished to the Issuer, the Trustee and the Controlling Person true and complete copies of its Partnership Agreement and its certificate of limited partnership. The Borrower owns or leases and will own or lease no other assets other than the Project Facilities. The Borrower has been, is and will be engaged solely in the business of acquiring a leasehold interest in the Land, and constructing, equipping, financing, owning, managing and operating the Project Facilities and activities incident thereto. The General Partner of the Borrower is Elysium Grand GP, LLC, a limited liability company duly organized and validly existing under the laws of the State of Texas. The General Partner has furnished to the Issuer, the Trustee and the Controlling Person true and complete copies of its certificate of formation and operating agreement. The General Partner has and will have no other assets other than its general partnership interest in the Borrower.

Section 5.2 Power, Authorization and No Conflicts. Each of the Borrower and the General Partner has all requisite power and authority and the legal right to own and operate its properties and to conduct its business and operations as they are currently being conducted and as proposed to be conducted

by it. The execution, delivery and performance by the Borrower of this Agreement and the other Bond Documents to which the Borrower is a party (i) are within the Borrower's powers, (ii) have been duly authorized by all necessary partnership and legal action by or on behalf of the Borrower, (iii) do not contravene (1) the Partnership Agreement or certificate of limited partnership of the Borrower or the operating agreement or certificate of formation of the General Partner, (2) any Legal Requirement applicable to the Borrower or the General Partner, or (3) any Material Contract or restriction binding on or affecting the Borrower, the General Partner or any of their respective assets, and (iv) do not result in the creation of any mortgage, pledge, lien or encumbrance upon any of its assets other than as provided by the terms thereof.

Section 5.3 Governmental Authorizations and Other Approvals. Each of the Borrower and the General Partner has all necessary Governmental Actions and qualifications, and has complied with all applicable Legal Requirements necessary to conduct its business as it is presently conducted and to own, operate and construct the Project Facilities in accordance with the provisions of the Bond Documents. Except as set forth in Schedule 6 hereto, the Borrower has obtained all Governmental Actions from such Governmental Authorities which are a necessary precondition to construct, own and operate the Project Facilities and all such Governmental Actions were duly issued, are in full force and effect and are not subject to any pending judicial or administrative proceedings, the period for judicial or administrative appeal or review having expired and no petition for administrative or judicial appeal or review having been filed. The Project Facilities (upon completion of construction of the Project Facilities as contemplated in the Plans and Specifications) will comply with all Governmental Actions and Legal Requirements, including all zoning restrictions (including without limitation, use density, setbacks, parking and other similar requirements) or the Borrower has a valid variance for or exemption from such requirements. All Governmental Actions obtained by the Borrower are listed and described on Schedule 6 hereto and have been validly issued and are in full force and effect. [With respect to any Government Actions not yet obtained, the steps, if any, listed on Schedule 6 are all the steps needed to obtain such Governmental Actions and the Borrower knows of no reason such Governmental Actions will not be timely obtained in the ordinary course of business and as needed in connection with the construction or operation of the Project Facilities.] No such Governmental Action will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project Facilities including any transfer pursuant to foreclosure sale under the Mortgage.

Section 5.4 Validity and Binding Effect. This Agreement, the Ground Lease, the other Bond Documents to which the Borrower is a party, the Subordinate Debt Documents to which the Borrower is a party and the VASH Contract are the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, subject to the application by a court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar Legal Requirement affecting creditors' rights generally.

Section 5.5 No Litigation. Except as disclosed on Schedule 1 attached hereto, there is no pending action or proceeding, including eminent domain proceedings, before any Governmental Authority or arbitrator against or involving the Borrower, the General Partner, the Guarantors or, to the Borrower's knowledge after due inquiry, the Project Facilities and, to the best knowledge of the Borrower and the General Partner, there is no threatened action or proceeding, including eminent domain proceedings, affecting the Borrower, the General Partner or the Guarantors before any Governmental Authority or arbitrator which, in any case, might materially and adversely affect the business, operations, assets, condition (financial or otherwise) of the Borrower, the General Partner, or the Guarantors, or the validity or enforceability of this Agreement, the Bonds, the Bond Documents, the Subordinate Debt Documents, the Ground Lease, the VASH Contract, the construction, operation or ownership of the Project Facilities, the exclusion from gross income of interest on the Tax-Exempt Bonds for purposes of federal income

taxation, the exemption of interest on the Bonds from State income taxation or the exemption of the Project Facilities from ad valorem real estate taxation under the laws of the State.

Section 5.6 No Violations. The Borrower and the General Partner are in compliance with, and not in breach of or default under (a) any applicable Governmental Actions or Legal Requirements with respect to the Project Facilities of any Governmental Authority having jurisdiction, or (b) the Bond Documents, the Subordinate Debt Documents, the Ground Lease, the VASH Contract, any other Material Contracts or any other credit agreement, indenture, mortgage, agreement or other instrument to which it is a party or otherwise subject. No event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument. The Borrower and the General Partner are not in violation, nor is there any notice or other record of any violation of any Legal Requirements, restrictive covenants or other restrictions applicable to any of the Project Facilities.

Section 5.7 Compliance. The ownership a leasehold interest in the real property on which Project Facilities, the construction of the Project Facilities, and the use and operation of the Project Facilities are located as contemplated hereby do and shall, in all material respects, comply with, and are lawful and permitted uses under, the Borrower Tax Certificate and the Regulatory and Land Use Restriction Agreement, all applicable building, fire, safety, zoning, subdivision, sewer, environmental, health, insurance and other Legal Requirements and plan approval conditions of any Governmental Authority. Except as set forth on Schedule 6, the Borrower has obtained all Governmental Actions from such Governmental Authorities which are a necessary precondition to construct, own and operate the Project Facilities and all such Governmental Actions were duly issued, are in full force and effect and are not subject to any pending judicial or administrative proceedings, the period for judicial or administrative appeal or review having expired and no petition for administrative or judicial appeal or review having been filed. The Project Facilities are located wholly within the boundaries of the Issuer's jurisdiction. The Project Facilities will satisfy all requirements of the Act and the Code with respect to multifamily rental housing and/or qualified residential rental facilities and the requirements for exemption of the Project Facilities from ad valorem real estate taxation under the laws of the State.

Section 5.8 Title to Properties; Liens and Encumbrances. The Borrower has a valid leasehold interest on the real property on which the Project Facilities will be constructed pursuant to the Ground Lease and will be owner of the Improvements thereon, free and clear of all liens or encumbrances except for the Permitted Encumbrances. All such real property, fixtures and equipment necessary to the conduct of the business of the Borrower and the operation of the Project Facilities are and will be in reasonable working order and are suitable for the purposes for which they are and will be used. There exist no Liens, encumbrances or other charges against the Project Facilities (including without limitation statutory and other liens of mechanics, workers, contractors, subcontractors, suppliers, taxing authorities and others), except Permitted Encumbrances.

Section 5.9 Utilities and Access. All utility services necessary for the operation of the Project Facilities in the manner contemplated hereby, including water supply, storm and sanitary sewer facilities, gas, electricity and telephone facilities are available within the boundaries of the Project Facilities; and all roads necessary for the full utilization of the Project Facilities in the manner contemplated hereby either have been completed or rights-of-way therefor have been acquired by the appropriate Governmental Authority or others or have been dedicated to public use and accepted by such Governmental Authority.

Section 5.10 Financial Information.

(a) All of the financial information furnished to the Controlling Person or the Majority Owner with respect to the Borrower, the Guarantors and the General Partner in connection with this Agreement (i) is complete and correct in all material respects as of the date hereof; and (ii) accurately

presents the financial condition of such party as of the date hereof. None of the Borrower, the General Partner or the Guarantors has any material liability or contingent liability not disclosed to the Controlling Person and the Majority Owner in writing; and

(b) Since its formation, each of the Borrower, the General Partner and the Guarantors has conducted its operations in the ordinary course, and no material adverse change has occurred in the business, operations, assets or financial condition of the Borrower, the General Partner or any Guarantor.

Section 5.11 Environmental Representations. Except as set forth on the Environmental Audit delivered to the Controlling Person and the Majority Owner, (a) the Borrower has no knowledge of any activity at the Project Facilities, or any storage, treatment or disposal of any Hazardous Substances connected with any activity at the Project Facilities, which has been conducted, or is being conducted, in violation of any Environmental Law; (b) the Borrower has no knowledge of any of the following which could give rise to material liabilities, material costs for remediation or a material adverse change in the business, operations, assets, or condition (financial or otherwise) of the Borrower: (i) Contamination present at the Project Facilities, (ii) polychlorinated biphenyls present at the Project Facilities, (iii) asbestos or materials containing asbestos present at the Project Facilities, (iv) urea formaldehyde foam insulation present at the Project Facilities, or (v) lead-based paint at the Project Facilities; (c) no portion of the Project Facilities constitutes an Environmentally Sensitive Area; (d) the Borrower has no knowledge of any investigation of the Project Facilities for the presence of radon; (e) no tanks presently or formerly used for the storage of any liquid or gas above or below ground are present at any of the Project Facilities; (f) no condition, activity or conduct exists on or in connection with the Project Facilities which constitutes a violation of Environmental Laws; (g) no notice has been issued by any Governmental Authority to the Borrower or the General Partner identifying the Borrower or the General Partner as a potentially responsible party under any Environmental Laws; (h) there exists no investigation, action, proceeding or claim by any Governmental Authority or by any third party which could result in any liability, penalty, sanctions or judgment under any Environmental Laws with respect to the Project Facilities; and (i) the Borrower is not required to obtain any permit or approval from any Governmental Authority or need notify any Governmental Authority pursuant to any Environmental Law with regard to the construction of the Project Facilities.

Section 5.12 Outstanding Obligations and Material Contracts. Attached hereto as Schedule 2 is (i) a complete list of all Obligations of the Borrower and the General Partner as of the date of execution and delivery hereof, together with a description of the instruments evidencing, governing or securing such Obligations (provided that no description need be provided of the Obligations hereunder), and (ii) a complete list of all other Material Contracts. There exists no default under any such instrument. Except for the Obligations listed on Schedule 2, neither the Borrower nor the General Partner has incurred any Obligations, secured or unsecured, direct or contingent. Each of the Borrower and the General Partner has complied with all provisions of such Material Contracts in all material respects, to the extent such contract is applicable to such party, and there exists no default or event which, with the giving of notice or the passage of time, or both, would constitute a default, under any such Material Contract.

Section 5.13 Solvency. Each of the Borrower, the Guarantors and the General Partner is and, after giving effect to this Agreement and all other agreements of the Borrower, the Guarantors and the General Partner being entered into on the date of execution and delivery of this Agreement, each will be solvent (which for this purpose shall mean that it is able to pay its current debts as they come due).

Section 5.14 Full Disclosure. This Agreement, the exhibits and schedules hereto and the other documents, certificates, opinions, schedules and statements furnished to the Controlling Person or the Majority Owner by or on behalf of the Borrower, any Guarantor or the General Partner in connection with the transactions contemplated hereby or by the Bond Documents, do not contain any untrue statement of a

material fact with respect to the Borrower, the Guarantors, the General Partner or the Project Facilities and do not omit to state a material fact with respect to the Borrower, the Guarantors, the General Partner or the Project Facilities necessary in order to make the statements contained therein not misleading in light of the circumstances under which they were made. There is no fact known to the Borrower, the Guarantors or the General Partner which materially adversely affects or in the future may adversely affect the business, operations, properties, assets or financial condition of the Borrower, the Guarantors or the General Partner which has not been set forth in this Agreement or in the other documents, certificates, opinions, schedules and statements furnished to the Controlling Person or the Majority Owner on behalf of any such party before the date of execution and delivery of this Agreement in connection with the transactions contemplated hereby.

Section 5.15 Bond Documents. The Borrower has provided the Controlling Person and the Majority Owner with true, correct and complete copies of: (i) all documents executed by the Borrower, the Guarantors or the General Partner in connection with the Bonds, including all amendments thereto and compliance reports filed thereunder; (ii) the Ground Lease; (iii) the Subordinate Debt Documents; (iv) the VASH Contract, the General Contract, the Architect's Agreement, the Engineer's Agreement and all other Material Contracts entered into by the Borrower in connection with the Project Facilities, including all amendments thereto; (v) all correspondence, if any, relating to the Bonds from the Trustee, the Issuer, the Securities and Exchange Commission, the Internal Revenue Service or any state or local securities regulatory body or taxing authority or any securities rating agency; and (vi) all documentation, if any, relating to governmental grants, subsidies or loans or any other loans, lines of credit or other subordinate financing relating to the Borrower or the Project Facilities, whether or not secured by the Project Facilities. Each of the representations and warranties on the Borrower's part made in the Bond Documents to which the Borrower is a party remain true and correct in all material respects and no Default exists under any covenants on the Borrower's part to perform under the Bond Documents to which the Borrower is a party.

Section 5.16 Illegal Activity. No portion of any of the Project Facilities has been or will be acquired, constructed, fixtured, equipped or furnished with proceeds of any illegal activity conducted by the Borrower.

Section 5.17 Executive Order 13224. Neither the Borrower, the General Partner nor any Person holding any legal or beneficial interest whatsoever in any of those entities is included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the persons or entities referred to or described in Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended. It shall constitute an Event of Default hereunder if the foregoing representation and warranty shall ever become false.

Section 5.18 No Broker. The Borrower has used no broker in connection with the execution hereof and the transactions contemplated hereby.

Section 5.19 Oil and Gas Representations. The Borrower represents that: (i) to the best of the Borrower's knowledge, no drilling of any kind is currently taking place on the Project Facilities, (ii) except as set forth in the Title Report, there is no drilling under any lease taking place on the Project Facilities, (iii) to the best of Borrower's knowledge after reviewing a survey of the Project Facilities and the Texas Railroad Commission Public GIS Viewer, there are no wells within the Project Facilities, and (iv) it has no knowledge of any violations of any applicable laws, ordinances and regulations of any Governmental Authority with respect to any drilling activity under any of the leases named in the Title Report.

Section 5.20 Construction Contract; Architect's Agreement; Engineer's Agreement. The Construction Contract, the Architect's Agreement and the Engineer's Agreement are each in full force and

effect, and the parties thereto are in full compliance with their respective obligations thereunder. The work to be performed by the Contractor under the Construction Contract is the work called for by the Plans and Specifications, and all Work required to complete the Improvements in accordance with the Plans and Specifications is provided for under the Construction Contract and Development Budget.

Section 5.21 Development Budget The Development Budget attached hereto as Schedule 4 accurately reflects all anticipated costs of implementing and completing the Work within the Plans and Specifications.

Section 5.22 Plans and Specifications The Borrower has furnished the Trustee, the Controlling Person and the Majority Owner with true and complete sets of the Plans and Specifications. The Plans and Specifications so furnished to the Trustee, the Controlling Person and the Majority Owner comply with all Legal Requirements, all Governmental Actions, and all restrictions, covenants and easements affecting the Project Facilities; and have been approved by the Tax Credit Investor and such Governmental Authority as is required for construction of the Project Facilities.

Section 5.23 Survey The survey for the Project Facilities delivered to the Trustee, the Controlling Person and the Majority Owner does not fail to reflect any material matter of survey affecting the Project Facilities or the title thereto.

Section 5.24 Flood Plain No part of the Project Facilities is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazard or to the extent any part of the Project Facilities is an area identified as an area having special flood hazard, flood insurance in an amount equal to one hundred percent (100%) of the appraised insurable value of the Project Facilities has been obtained by the Borrower.

Section 5.25 Rent Roll [To the Borrower's actual knowledge, attached hereto as Schedule 12 is a true, correct and complete rent roll for the Project Facilities (the "**Rent Roll**"), which includes all leases affecting the Project Facilities. Except as set forth in Schedule 12, to the Borrower's actual knowledge: (i) each lease is in full force and effect; (ii) the tenants under the leases have accepted possession of and are in occupancy of all of their respective demised Project Facilities, have commenced the payment of rent under such leases, and there are no offsets, claims, or defenses to the enforcement thereof; (iii) all rents due and payable under the leases have been paid and no portion thereof has been paid for any period more than thirty (30) days in advance; (iv) the rent payable under each lease is the amount of fixed rent set forth in the Rent Roll, and there is no claim or basis for a claim by tenant thereunder for an adjustment to the rent; (v) no tenant has made any claim against the landlord under the leases (except as disclosed on Schedule 12) which remains outstanding, there are no defaults on the part of the landlord under any lease, and no event has occurred which, with the giving of notice or passage of time, or both, would constitute such a default; and (vi) to the Borrower's best knowledge, there is not present a material default by the tenant under any lease. The Borrower will hold any security deposits under the leases in a non-commingled bank account in the name of the Borrower and meeting the requirements of applicable laws. None of the leases contains any option to purchase or right of first refusal to purchase the Project Facilities or any part thereof. Neither the leases nor the Rents have been assigned or pledged to any Person and no Person has any interest therein except the tenants thereunder.]

Section 5.26 Requisition Each Requisition submitted to the Controlling Person shall constitute an affirmation that the representations and warranties of the Borrower contained in this Agreement and in the other Bond Documents remain true and correct as of the date thereof unless otherwise noted in writing; and unless the Controlling Person is notified to the contrary, in writing, prior to the requested date of the advance under such Requisition, shall constitute an affirmation that the same remain true and correct on the date of such advance.

ARTICLE 6 GENERAL COVENANTS

So long as any amount is due and owing hereunder, the Borrower covenants and agrees, except to the extent the Controlling Person shall otherwise consent in writing to perform and comply with each of the following covenants:

Section 6.1 Conduct of Business; Maintenance of Existence; Mergers. The Borrower and the General Partner will (i) engage solely in the business of acquiring and owning a leasehold interest in, financing, constructing and operating the Project Facilities; and activities incident thereto; (ii) preserve and maintain in full force and effect its existence as a limited partnership or limited liability company, as applicable, under the Legal Requirements of the state of its organization, and its rights and privileges and its qualification to do business in the State; (iii) not dissolve or otherwise dispose of all or substantially all of its assets; (iv) not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; and (v) not amend any provision of its certificate of limited partnership or certificate of formation, or its Partnership Agreement or operating agreement, as applicable (1) relating to its purpose, management or operation, (2) in any way which would affect the timing or amount of capital contributions, except as adjusted pursuant to the original terms thereof, or the conditions to the payment thereof, or (3) in any other way which materially and adversely affects the interests of the Holders of the Bonds, without the prior written consent of the Controlling Person. Notwithstanding the foregoing, the Borrower may amend its Partnership Agreement in order to effectuate a Permitted Transfer, as such term is defined in the Indenture.

Section 6.2 Compliance with Legal Requirements; Payment of Impositions. The Borrower will comply with all Legal Requirements applicable to the Borrower or the Project Facilities. The Borrower will use commercially reasonable efforts to qualify for exemption of the Project Facilities from ad valorem real estate taxes under the laws of the State. The Borrower will pay all Impositions and insurance premiums when due and will make the applicable deposits required by Section 8.2 of this Agreement for such purposes.

Section 6.3 Maintenance of Governmental Authorizations. The Borrower shall timely obtain any Governmental Actions required for the construction of the Project Facilities not obtained prior to the Issue Date and shall provide copies thereof to the Controlling Person, the Majority Owner and the Trustee upon receipt. The Borrower will maintain in full force and effect all of its Governmental Actions and qualifications necessary for the conduct of its business as it is presently being conducted, for the ownership and operation of the Project Facilities as they are presently being operated and as contemplated by the terms of the Bond Documents. The Borrower will promptly furnish copies of all reports and correspondence relating to a loss or proposed revocation of any such qualification to the Controlling Person and the Majority Owner.

Section 6.4 Maintenance of Insurance.

(a) The Borrower shall, at its sole cost and expense, maintain or cause to be maintained insurance against such risks and for such amounts as required by the Controlling Person for facilities of the type and size of the Project Facilities and shall pay, as the same become due and payable, all premiums with respect thereto. The initial insurance requirements shall include, but not necessarily be limited to, the requirements set forth on Schedule 11 hereto.

(b) All insurance required by this Section 6.4 shall be produced and maintained in financially sound and generally recognized responsible insurance companies selected by the entity required to procure the same and authorized to write such insurance in the State. Such insurance may be written

with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the procuring entity is engaged. All property and casualty insurance policies required by Section 6.4(a) hereof shall contain a standard non-contributory mortgagee clause showing the interest of the Trustee as first mortgagee and shall provide for payment to the Trustee of the net proceeds of insurance resulting from any claim for loss or damage thereunder. All policies of insurance required by Section 6.4(a) hereof shall provide for at least thirty (30) days' prior written notice of the restriction, cancellation or modification thereof to the Controlling Person. The policy evidencing liability insurance required by Section 6.4(a) hereof shall name the Issuer, the Majority Owner, the Controlling Person and the Trustee as additional named insureds. The Borrower acknowledges that a security interest in the policies of property and casualty insurance required by Section 6.4(a) and the net proceeds thereof is being granted to the Trustee pursuant to the Mortgage. Upon request of the Controlling Person, the Borrower will assign and deliver (which assignment shall be deemed to be automatic and to have occurred upon the occurrence of an Event of Default hereunder) to the Trustee, the policies of property and casualty insurance required under Section 6.4(a), so and in such manner and form that the Trustee shall at all times, upon such request and until the payment in full of the Bonds, have and hold said policies and the net proceeds thereof as collateral and further security under the Mortgage for application as provided in the Mortgage. The policies required under Section 6.4(a) hereof shall contain appropriate waivers of subrogation.

(c) Copies of the policy or certificate (or binder) of insurance required by Section 6.4(a) hereof shall be delivered to the Controlling Person, on or before the Issue Date. The Borrower shall deliver to the Issuer, the Controlling Person, and the Majority Owner before the first (1st) Business Day of each calendar year thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect insurance of the types and in the amounts required by this Section 6.4. Prior to the expiration of each such policy, the Borrower shall furnish the Controlling Person, with evidence that such policy has been renewed or replaced or is no longer required by this Agreement. The Borrower shall provide such further information with respect to the insurance coverage required by this Agreement as the Controlling Person or the Majority Owner may, from time to time, reasonably require.

(d) The net proceeds of the property and casualty insurance carried pursuant to the provisions of Section 6.4(a) hereof shall be applied as provided in the Mortgage and the net proceeds of the liability insurance required by Section 6.4(a) hereof shall be applied, with the prior written consent of the Controlling Person, toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 6.5 Compliance with Other Contracts and Bond Documents. The Borrower will comply with all of its covenants and agreements under the Bond Documents, the Ground Lease, the VASH Contract, the Subordinate Debt Documents to which it is a party and all other Material Contracts, and each of such covenants is incorporated herein by reference as if fully set forth herein. The Borrower acknowledges that the Indenture imposes certain obligations upon the Borrower and the Borrower agrees to discharge such obligations as if they were fully set forth herein (notwithstanding that the Borrower is not a party to the Indenture). The Borrower shall comply in all materials respects with, or cause to be complied with, all requirements and conditions of all insurance policies which relate to the Borrower or the Project Facilities.

Section 6.6 Maintenance of Project Facilities. The Borrower will, at its sole expense and as one of the Expenses (including use of the funds on deposit in the Accounts, in accordance with the terms of the Indenture and the Replacement Reserve Agreement), (i) maintain and preserve the Project Facilities in good working order and repair, fit for the purposes for which they were originally erected; (ii) enforce the terms of the Ground Lease; (iii) not permit, commit or suffer any waste or abandonment of the Project

Facilities; (iv) not use (and use reasonable efforts to not permit tenants to use) the Project Facilities for any unlawful purpose and use reasonable efforts to not permit any nuisance to exist thereon; (v) promptly make such repairs or replacements (structural or nonstructural, foreseen or unforeseen) as are required for the proper operation, repair and maintenance of the Project Facilities in an economical and efficient manner and consistent with customary and prudent practices, standards and procedures applicable to properties of like size and type; (vi) perform all repairs or replacements in a good and workmanlike manner, and in compliance with all applicable Governmental Actions and Legal Requirements; (vii) keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas which may be owned by the Borrower in good and neat order and repair; (viii) not take (or fail to take) any action, which if taken (or not so taken) would increase in any way the risk of fire or other hazard occurring to or affecting the Project Facilities; and (ix) not sell, lease (other than pursuant to residential leases), cause a Sale of or otherwise dispose of any portion of the Project Facilities, except as otherwise permitted hereunder and under the other Bond Documents.

Section 6.7 Inspection Rights.

(a) The Borrower will, upon reasonable prior notice, at any reasonable time and from time to time, permit the Controlling Person, the Trustee, the Issuer, the Majority Owner and the agents or representatives of the Controlling Person, the Trustee, the Issuer and the Majority Owner to examine and copy and make abstracts from the records and books of account of, and visit the properties of, the Borrower, and to discuss the affairs, finances and accounts of the Borrower with the General Partner and the Accountant. Upon reasonable prior notice, and subject to the rights of tenants, the Borrower will permit the Engineering Consultant to inspect, or cause to be inspected, the Project Facilities at any reasonable time or times as the Controlling Person may direct. The Borrower shall pay or reimburse the Controlling Person on demand for fees and expenses incurred in connection with such inspections.

(b) After the Engineering Consultant shall have inspected, or cause to have been inspected, the Project Facilities, the Engineering Consultant shall send written notice to the Controlling Person notifying the Controlling Person of the nature and extent of capital needs of the Project Facilities, if any, which are, in the Engineering Consultant's professional judgment, necessary to maintain and preserve the Project Facilities in accordance with the standards set forth in Section 6.6 hereof, and which are not addressed in the Annual Budget for the Project Facilities. After considering the Engineering Consultant's recommendation, the Controlling Person shall notify the Borrower of the work which the Engineering Consultant recommends be performed in order to comply with the requirements of Section 6.6 hereof and the time period over which, in its professional judgment, such work should be commenced and completed.

(c) The Borrower shall promptly commence and diligently complete the work recommended by the Engineering Consultant within the time period set forth in the report. If the Borrower fails to complete the work within such time period, the Controlling Person, at the Majority Owner's discretion, may complete such work for and on the Borrower's behalf and may do any act or thing the Controlling Person deems necessary or appropriate to that end. The expenses incurred by the Controlling Person in completing such work shall bear interest at the Default Rate, shall be borne by the Borrower and shall be reimbursed to the Controlling Person immediately upon demand. All work performed by the Borrower shall be performed in a good and workmanlike manner and shall be completely free and clear of any mechanics or materialman's liens and encumbrances and shall be subject to the requirements of Section 6.6 hereof.

Section 6.8 Keeping of Books. The Borrower will keep proper books of record and account, in which full and correct entries shall be made of financial transactions and the assets and operations of the Borrower in accordance with GAAP, and have a complete audit of such books of record and account made by the Accountant for each Fiscal Year.

Section 6.9 Reporting Requirements. The Borrower will furnish or cause to be furnished to the Controlling Person the following, in form satisfactory to the Controlling Person and in such number of copies as the Controlling Person may reasonably require:

(a) As soon as available and in any event within forty-five (45) days after the close of each fiscal quarter of each Fiscal Year of the Borrower:

(i) unaudited financial statements for the Borrower and the Project Facilities, including a balance sheet and related statement of income as of the end of such fiscal quarter and for such fiscal quarter and the current Fiscal Year to the end of such fiscal quarter, which shall be internally prepared and presented on a consistent basis;

(ii) a certificate signed by an Authorized Person stating that, except as disclosed in such certificate, (1) during such fiscal quarter the Borrower has observed and performed all of its covenants and agreements set forth in this Agreement and the other Bond Documents (including the rules qualifying the interest payable on the Bonds for federal tax exemption pursuant to Section 142(d) of the Code and the regulations issued thereunder), except as disclosed in such certificate; (2) if the Project Facilities have received a tax credit allocation, during such fiscal quarter the Project Facilities have complied with the requirements of Section 42 of the Code and the regulations issued thereunder; and (3) no Event of Default has occurred or exists;

(b) As soon as available and in any event within one hundred twenty (120) days after the close of each Fiscal Year of the Borrower:

(i) audited financial statements for the Borrower, on a consolidated basis, including a balance sheet and related statements of income and changes in financial position as of the end of such Fiscal Year and for such Fiscal Year, which shall be prepared and reported on without qualification by the Accountant in accordance with GAAP, and shall fairly present the financial condition of the Borrower and the Project Facilities as of the end of such Fiscal Year; and

(ii) a certificate signed by an Authorized Person stating that (1) during such Fiscal Year the Borrower has observed and performed all of its covenants and agreements set forth in this Agreement and the other Bond Documents, except as disclosed in such certificate, and (2) no Event of Default has occurred or exists, except as disclosed in such certificate;

(c) As soon as possible and in any event within twenty-five (25) days after the end of each calendar month, operating statements of the Project Facilities certified by an Authorized Person and containing itemized information regarding all items of expense and income as well as occupancy reports, a rent roll and, if required by the Controlling Person, other reports such as reports on concessions, security deposits and advance rents, all in such detail as may be required by the Controlling Person;

(d) From and after the Completion Date, weekly, an occupancy report for the Project Facilities;

(e) Upon receipt thereof by the Borrower, copies of any letter or report with respect to the management, operations or properties of the Borrower submitted to the Borrower by the Accountant in connection with any annual or interim audit of the Borrower's accounts, and a copy of any written response of the Borrower to any such letter or report;

(f) As soon as possible and in any event within fifteen (15) days after receipt of notice thereof, written notice of any pending or threatened litigation, investigation or other proceeding involving the Borrower, the General Partner, the Guarantors or the Project Facilities, (i) which could have a material adverse effect on the operations or financial condition of the Borrower, the General Partner, the Guarantors or the Project Facilities; (ii) wherein the potential damages, in the reasonable judgment of the Borrower based upon the advice of counsel experienced in such matters, are not fully covered by the insurance policies maintained by the Borrower (except for the deductible amounts applicable to such policies); or (iii) which challenges the exclusion from gross income of interest on the Tax-Exempt Bonds for purposes of federal income taxation or the exemption of interest on the Bonds from State income taxation;

(g) As soon as possible, notice of any material adverse change in the operations or financial condition of the Borrower the General Partner, the Guarantors or the Project Facilities;

(h) Upon delivery thereof by the Borrower, copies of any reports, certifications, financial information, compliance documents, rebate information, audits and all other items submitted by or on behalf of the Borrower to the Issuer;

(i) Not later than forty-five (45) days after the Completion Date, the certificate of completion and the use of proceeds certificate set forth as Schedules 8 and 9 hereof and the attachments thereto;

(j) As and when required under the Regulatory and Land Use Restriction Agreement, the monthly compliance certificates, the annual copies of IRS Forms 8703 and other reports and notices required to be delivered under the Regulatory and Land Use Restriction Agreement;

(k) Upon receipt thereof by the Borrower, notice of the cancellation or expiration (without renewal or replacement) of any insurance required to be maintained by this Agreement;

(l) Not later than forty-five (45) days after the Stabilization Date, a stabilization certificate in the form set forth as Schedule 10 hereof and the attachments thereto;

(m) As soon as possible and in any event within fifteen (15) days after the occurrence of an Event of Default, a statement of the General Partner setting forth the details of such Event of Default and the action which the Borrower proposes to take with respect thereto;

(n) Contemporaneously with the delivery to the party or parties entitled thereto, copies of any notices, reports or other information provided under the Bond Documents, the Ground Lease, the Subordinate Debt Documents, the VASH Contract, the Partnership Agreement or any other Material Contract;

(o) Copies of IRS Forms 8609 as issued and received by the Borrower; and

(p) Such other information respecting the operations, properties and condition, financial or otherwise, of the Borrower and the General Partner as the Controlling Person may from time to time reasonably request.

Section 6.10 Tax-Exempt Status.

(a) The Borrower covenants to take such action as is required of it so that the Tax-Exempt Bonds are, and to refrain from any action which would cause the Tax-Exempt 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 Facilities 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:

(i) to take such action to assure that the Tax-Exempt Bonds are "exempt facility bonds", as defined in Section 142(a) of the Code, at least ninety-five percent (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;

(ii) to comply with the terms and conditions of the Regulatory and Land Use Restriction Agreement including, without limiting the generality of any other covenant contained herein,

(1) assuring that at all times within the Qualified Project Period that forty percent (40%) percent of the residential units in the Project Facilities will be occupied by persons whose income is sixty percent (60%) or less of area median gross income;

(2) obtaining annually from each tenant of a residential unit described in clause (1) above, a certification of income to currently determine income compliance with the foregoing; and

(3) assuring that none of the residential units in the Project Facilities 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;

(iii) to refrain from taking any action that would result in the Tax-Exempt Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code;

(iv) to refrain from using any portion of the proceeds of the Tax-Exempt 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 Tax-Exempt Bonds over the term of the Tax-Exempt Bonds, other than investment property acquired with:

(1) proceeds of the Bonds invested for a reasonable temporary period equal to three (3) years or less until such proceeds are needed for the purpose for which the Tax-Exempt Bonds are issued;

(2) amounts invested in a bona fide debt service fund, within the meaning of Section 1.148-1(b) of the Regulations; and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed ten percent (10%) of the stated principal amount (or, in the case of Tax-Exempt Bonds issued at a discount), the issue price of the Tax-Exempt Bonds;

(v) 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);

(vi) to use no more than two percent (2%) of the gross proceeds of the Tax-Exempt Bonds for the payment of costs of issuance;

(vii) to use no portion of the proceeds of the Tax-Exempt 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;

(viii) 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 Tax-Exempt Bond proceeds to acquire existing buildings, structures or other property);

(ix) 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;

(x) 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

(xi) to take such action to assure the Project Facilities to be as described in the "Applications 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.

(b) The Issuer agrees to submit such closing documents for the Tax-Exempt 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 Tax-Exempt Bonds under Section 146 of the Code.

(c) 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 Tax-Exempt 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 Tax-Exempt Bonds, the Issuer and the Borrower will not be required to comply with any covenant contained herein to the extent that they obtain a Favorable Opinion of Bond Counsel with respect to such failure to comply. In the event that the Code is changed or regulations or rulings are hereafter promulgated, which impose additional requirements which are applicable to the Tax-Exempt Bonds, the Issuer and the Borrower each agrees to comply with the additional requirements to the extent necessary, in the opinion of Bond Counsel, to preserve the exclusion from gross income of interest on the Tax-Exempt Bonds for purposes of federal income taxation 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 Tax-Exempt Bonds.

(d) The Issuer and the Borrower covenant that the Borrower's interest in the property constituting the Project Facilities 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 Tax-Exempt Bonds are retired, or (ii) the Issuer and the Borrower obtain Favorable Opinion of Bond Counsel with respect to such sale or other disposition.

(e) The Issuer and the Borrower covenant to account for the expenditure of sale proceeds and investment earnings to be used for the Project Facilities on the Borrower's books and records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (i) the expenditure is made, or (ii) the Project Facilities are completed. The foregoing notwithstanding, the Issuer and the Borrower shall not expend sale proceeds or investment earnings thereon more than sixty (60) days after the later of (1) the fifth (5th) anniversary of the delivery of the Tax-Exempt Bonds, or (2) the date the Tax-Exempt Bonds are retired, unless the Issuer obtains a Favorable Opinion of Bond Counsel with respect to such expenditure. For purposes hereof, the Issuer and the Borrower shall not be obligated to comply with this covenant if they shall obtain a Favorable Opinion of Bond Counsel with respect to the failure to comply with such covenant.

(f) The Borrower (i) has designated the [manager of the] General Partner as the person who will contact the Issuer in the event of any change of use of any portion of the Project ("change of use") within fifteen (15) days of such change in use event, and (ii) will provide, within sixty (60) days of the applicable date, a rebate report or a letter (prepared by a CPA, nationally recognized rebate consultant or bond counsel) attesting that one is not required.

(g) The Issuer has designated the [program manager] as the person who (i) will receive notice by the person describe in the preceding paragraph of any change of use of the Project and who will determine, upon consultation with Bond Counsel, whether to take a remedial action or any other remedy available at law to ensure that the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes is preserved following such change of use, and (ii) will receive the aforementioned rebate report or letter attesting that such report is not required.

Section 6.11 Single Purpose Entities.

(a) The Borrower and the General Partner shall (i) not engage in any business or activity, other than the ownership, construction, operation and maintenance of the Project Facilities and activities incidental thereto; and (ii) not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Project Facilities and such personal property as may be necessary for the operation of the Project Facilities and shall conduct and operate its business as presently conducted and operated.

(b) Each of the Borrower and the General Partner shall (i) not maintain its assets in a way difficult to segregate and identify; (ii) ensure that business transactions between the Borrower and any Affiliate of the Borrower or any Affiliate of the General Partner shall be entered into upon terms and conditions that are substantially similar to those that would be available on an arms-length basis with a third person other than the Borrower, the General Partner, or any Affiliate thereof; (iii) not incur or contract to incur any obligations, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than, in the case of the Borrower, the Obligations evidenced by this Agreement and the other Bond Documents and the Subordinate Debt Documents other than as provided in the Borrower's Partnership Agreement and the ancillary equity documents incident thereto; (iv) not make any loans or advances to any third person (including any Affiliate of the Borrower or the General Partner) other than as provided in the Borrower's Partnership Agreement and the ancillary equity documents incident thereto; (v) do or cause to be done all things necessary to preserve its existence; (vi) except as permitted under Section 6.1 hereof, not

amend, modify or otherwise change its certificate of limited partnership, Partnership Agreement, certificate of formation or operating agreement as applicable, without obtaining the prior written consent of the Controlling Person; (vii) conduct and operate its business as presently conducted and operated; (viii) maintain its books and records and bank accounts separate from those of its Affiliates; (ix) be, and at all times shall hold itself out to the public as, a legal entity separate and distinct from any other Person (including any Affiliate); (x) file its own tax returns; (xi) maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations and in any event not less than that required under State law in order to remain a separate legal entity; (xii) not seek or consent to the dissolution or winding up, in whole or in part, of the Borrower or the General Partner; (xiii) not (A) consent to the dissolution or liquidation in whole or in part of the Borrower, or (B) permit the General Partner to dissolve, or (C) consent to the dissolution or liquidation of the General Partner; (xiv) not commingle the funds and other assets of the Borrower with those of the General Partner, any Affiliate thereof or any other Person; and (xv) not enter into any transaction with an Affiliate without the prior written consent of the Controlling Person.

Section 6.12 Negative Pledge; No Sale.

(a) The Borrower will not create, incur, assume or permit to exist any mortgage, pledge, security interest, encumbrance or other Lien upon the Project Facilities or any property, tangible or intangible, now owned or hereafter acquired (including without limitation property leased to or being acquired by the Borrower under capital leases or installment sale agreements), by the Borrower (the sale with recourse of receivables or any "sale and lease back" of any fixed assets being deemed to be the giving of a lien thereon for money borrowed), other than Permitted Encumbrances.

(b) Other than Permitted Transfers and the making of residential leases, the Borrower shall not sell, assign, transfer, convey or otherwise dispose of the Project Facilities, or any part thereof, or permit or consent to a Sale without in each instance (i) obtaining the express prior written consent of the Controlling Person, which consent may be withheld or granted (subject to the payment of such fees and the satisfaction of other conditions as set forth in Section 1.12 of the Mortgage) in the Controlling Person's sole and absolute discretion; and (ii) complying with the applicable requirements of the Regulatory and Land Use Restriction Agreement.

Section 6.13 Payment of Indebtedness; Accounts Payable; Restrictions on Indebtedness.

(a) The Borrower will pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of the Borrower's Obligations under the Ground Lease, the Bond Documents, the Subordinate Debt Documents, the VASH Agreement and all of its other Obligations, whether now existing or hereafter arising, and comply with all covenants and agreements set forth in agreements evidencing Obligations of the Borrower.

(b) The Borrower shall pay or cause to be paid the Expenses, and capital expenditures and its other accounts payable with respect to and costs of operation and maintenance of the Project Facilities within thirty (30) days of receipt of an invoice therefor, or when the same shall otherwise be due and payable. The Borrower shall make no distribution of funds to its partners unless no Event of Default exists, such distribution is in accordance with the provisions of the Partnership Agreement, and all current accounts payable shall have been paid and funds shall have been set aside for the payment of accounts payable becoming due within thirty (30) days of said distribution.

(c) Without obtaining the prior written consent of the Controlling Person, the Borrower and the General Partner will not create, incur, assume, guarantee or be or remain liable for any Obligations other than (i) Indebtedness under the Bond Documents and the Subordinate Loan Documents;

(ii) current liabilities of the Borrower relating to the Project Facilities incurred in the ordinary course of business but not incurred through the borrowing of money or obtaining of credit, (iii) liabilities of the Borrower of the General Partner under the Borrower's Partnership Agreement and the ancillary equity documents incident thereto [e.g. Guaranty Agreement, Development Agreement, etc.].

Section 6.14 Environmental Covenants.

(a) The Borrower will cause all activities at the Project Facilities during the term of this Agreement to be conducted in full compliance with all applicable Environmental Laws. The Borrower will obtain all Governmental Actions and will make all notifications, as required by Environmental Laws, and will, at all times, comply with the terms and conditions of any such Governmental Actions or notifications. During the term of this Agreement, if requested by the Controlling Person, the Borrower will provide to the Controlling Person copies of (i) applications or other materials submitted to any Governmental Authority in compliance with Environmental Laws, (ii) any notifications submitted to any Person pursuant to Environmental Laws, (iii) any Governmental Action granted pursuant to Environmental Laws, (iv) any record or manifest required to be maintained pursuant to Environmental Laws, and (v) any correspondence, notice of violation, summons, order, complaint or other document received by the Borrower, its lessees, sub-lessees or assigns, pertaining to compliance with any Environmental Laws.

(b) The Borrower will, at all times during the term of this Agreement, cause Hazardous Substances used at the Project Facilities to be handled, used, stored and disposed in accordance with all Environmental Laws and in a manner which will not cause an undue risk of Contamination.

(c) If applicable, the Borrower will cause all construction of new structures at the Project Facilities during the term of this Agreement to use design features which safeguard against or mitigate the accumulation of radon or radon products in concentrations exceeding the Environmental Protection Agency's recommended threshold of 4.0pCi/L.

(d) The Borrower shall not install or permit to be installed any temporary or permanent tanks for storage of any liquid or gas above or below ground, except after obtaining written permission from the Controlling Person to do so and in compliance with Environmental Laws.

(e) The Borrower shall implement a moisture management and control program (the "**Moisture Management Program**") for the Improvements at the Project Facilities to prevent the occurrence of mold, dangerous fungi, bacterial or microbial matter contamination or pathogenic organisms that reproduces through the release of spores or the splitting of cells (collectively, "**Mold**"), at, on or under the Project Facilities, which Moisture Management Program shall include, at a minimum: (a) periodic inspections of the Improvements at the Project Facilities for Mold, (b) removing or cleaning up any Mold and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by the Controlling Person, and (c) in the event that the Mold identified at the Improvements at the Project Facilities cannot be removed or cleaned from any impacted building materials (e.g., porous materials such as carpeting, certain types of ceiling materials, etc.) and/or equipment, removing all such impacted building materials and/or equipment from the Project Facilities, all in accordance with the procedures set forth in the United States Environmental Protection Agency's ("**EPA**") guide entitled "Mold Remediation in Schools and Commercial Buildings", EPA No. 402-K-01-001, dated March 2001 and in a manner consistent with best industry practices and utilizing an experienced remediation contractor acceptable to and approved by the Controlling Person. The Borrower shall include as part of every residential lease a Mold/Mildew Addendum in the form attached hereto as Exhibit C. The Borrower further covenants and agrees that, in connection with any mold remediation undertaken by or on behalf of the Borrower hereunder, the source (e.g., leaking pipe, water damage, water infiltration, etc.) of

any Mold at the Improvements at the Project Facilities shall be promptly identified and corrected to prevent the occurrence or re-occurrence of any Mold.

(f) Upon the occurrence of an Event of Default, or if the Controlling Person has reason to believe that there has occurred and is continuing a violation of Environmental Law or that there exists a condition that could give rise to any Governmental Action, the Controlling Person may, at its discretion, commission an investigation at the Borrower's expense of (i) compliance at the Project Facilities with Environmental Laws, (ii) the presence of Hazardous Substances or Contamination at the Project Facilities, (iii) the presence at the Project Facilities of materials which are described in clause (b) of Section 5.12, (iv) the presence at the Project Facilities of Environmentally Sensitive Areas, (v) the presence at the Project Facilities of radon products, (vi) the presence at the Project Facilities of tanks of the type described in paragraph (e) of Section 5.12(e) or in paragraph (d) of this Section 6.14, or (vii) the presence of Mold at the Project Facilities. In connection with any investigation pursuant to this paragraph, the Borrower, and its lessees, sub-lessees and assigns, will comply with any reasonable request for information made by the Controlling Person or its agents in connection with any such investigation. Any response to any such request for information will be full and complete. The Borrower will assist the Controlling Person and its agents to obtain any records pertaining to the Project Facilities or to the Borrower and the lessees, sub-lessees or assigns of the Borrower in connection with an investigation pursuant to this Section 6.14. The Borrower will permit the Controlling Person and its agents access to all areas of the Project Facilities at reasonable times and in reasonable manners in connection with any investigation pursuant to this paragraph. No investigation commissioned pursuant to this paragraph shall relieve the Borrower from any responsibility for its representations and warranties under Section 5.12 hereof or under the Environmental Indemnity Agreement.

(g) In the event of any Contamination affecting the Project Facilities, whether or not the same originates or emanates from the Project Facilities or any contiguous real estate, or if the Borrower otherwise shall fail to comply with any of the requirements of Environmental Laws, the Controlling Person may, at its election, but without the obligation so to do, give such notices, cause such work to be performed at the Project Facilities and take any and all other actions as the Controlling Person shall deem necessary or advisable in order to remedy said Contamination or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon at the Default Rate from the date of payment by the Controlling Person, shall be immediately due and payable by the Borrower and until paid shall be added to and become a part of the Indebtedness and shall have the benefit of the lien hereby created as a part thereof prior to any right, title or interest in or claim upon the Project Facilities attaching or accruing subsequent to the lien of the Mortgage on the Project Facilities.

Section 6.15 Controlling Person. The Borrower acknowledges and agrees that (i) the Majority Owner has the sole and exclusive right to arrange for servicing of the Loan and to appoint another person or entity to serve as its representative hereunder, under the other Bond Documents and under the Indenture; (ii) the Majority Owner has appointed Red Stone A7 LLC to serve in the capacity of Controlling Person hereunder, under the other Bond Documents and under the Indenture; and (iii) the Majority Owner retains the sole and exclusive right to appoint, remove or replace the Controlling Person without the consent or approval of the Borrower. The Borrower shall comply with the directions of the Controlling Person made on behalf of the Majority Owner.

Section 6.16 Tax Returns. The General Partner will timely file all tax returns for itself and for the Borrower, pay or cause to be paid when due all taxes imposed on their operations, assets, income or properties, and, upon request, provide to the Controlling Person copies of such returns and receipts for payment of such taxes.

Section 6.17 Leases. The Borrower hereby represents that, other than the Ground Lease, there are no leases or agreements to lease all or any part of the Project Facilities now in effect. Except for the Ground Lease and leases to residential tenants in compliance with the Regulatory and Land Use Restriction Agreement and leases for services associated with residential rental properties (such as laundry and cable lease), the Borrower shall not enter into or become liable under, any leases or agreements to lease all or any part of the Project Facilities without the prior written approval thereof and of the prospective tenant by the Controlling Person. Each lease of residential units in the Project Facilities to a residential tenant shall be on a form of lease approved by the Controlling Person and shall be in compliance with the requirements of the Regulatory and Land Use Restriction Agreement.

Section 6.18 Further Assurances. The Borrower will promptly and duly execute, acknowledge and deliver from time to time such further instruments and take such further actions as may be reasonably required by the Issuer, the Trustee, the Controlling Person to carry out the purposes and provisions of this Agreement and the other Bond Documents, to confirm the priority and/or perfection of any lien, pledge, assignment or security interest created or intended to be created by this Agreement and to assure the Controlling Person of the subrogation and security rights in favor of the Trustee for the benefit of the Holders of the Bonds contemplated by this Agreement, by the other Bond Documents and by the Indenture.

Section 6.19 Management Agreement. The Borrower has entered into a property management agreement in a form approved by the Controlling Person with the Manager (together with any extension and replacements thereof and as the same may be amended, modified or supplemented from time to time the "**Management Agreement**"). Under the Management Agreement, the Manager shall provide certain management services and shall be entitled to receive as compensation for those services an amount not in excess of five percent (5.0%) of the gross income received from the Project Facilities on account of rents, service fees, late charges and penalties and other charges received under leases. Any amounts due the Manager in excess of five percent (5.0%) of such gross revenue shall be subordinated to the payment by the Borrower of all principal of and premium and interest due on the Bonds, all Third Party Costs, all required deposits into the Accounts and all other amounts identified in the Consent to Assignment of the Management Agreement. The Borrower shall not replace the Manager for the Project Facilities without the Controlling Person's prior written approval, and except for cause, the Management Agreement shall not be terminated or modified without the Controlling Person's prior written approval, which shall not be unreasonably withheld, conditioned or delayed. In the event the Manager resigns or is removed, the Borrower shall promptly seek a replacement Manager and submit such Manager and its proposed form of Management Agreement to the Controlling Person for approval; if the Borrower has not done so within thirty (30) days of becoming aware of such resignation or removal, the Controlling Person may (but shall not be required to) engage a new Manager on terms satisfactory to the Controlling Person in its sole discretion and at the expense of the Borrower. The sole and exclusive compensation (exclusive of reimbursement for expenses pursuant to the applicable Management Agreement) paid to manage the Project Facilities under the Management Agreement shall be as described in this Section 6.19. The Borrower shall have no employees whatsoever. The Manager shall execute a consent to the Assignment of the Management Agreement pursuant to which the Manager shall confirm the subordination provisions described above and agree that the Management Agreement shall be terminable by the Controlling Person, with or without cause, on thirty (30) days' notice following and during the existence of an Event of Default.

Section 6.20 Determination of Taxability. Neither the Borrower nor the General Partner shall agree with or admit in writing to the Issuer, the Trustee or to any Governmental Authority that interest on the Tax-Exempt Bonds has become includable in gross income for purposes of federal income taxation without first providing reasonable advance notice to the Issuer, the Controlling Person and permitting the Controlling Person, at its sole discretion and at its expense, to contest such conclusion. Promptly after the Borrower first becomes aware of any Determination of Taxability or an event that could trigger a

Determination of Taxability, the Borrower shall give written notice thereof to the Issuer, the Trustee, the Controlling Person and the Majority Owner.

Section 6.21 List of Bondholders. Upon the written request of the Controlling Person, the Borrower shall exercise any right it may have under the Indenture to request a list of Bondholders and shall deliver such list to the Controlling Person, as the case may be. Any costs associated with obtaining the list of Bondholders at the Controlling Person's request shall be paid by the requesting party.

Section 6.22 Use of Proceeds. The Borrower agrees that the proceeds of the Bonds will be allocated exclusively to pay Project Costs and that, for the greatest possible number of buildings, the Bonds proceeds will be allocated to the Project Facilities and the leasehold interest in the land on which the Project Facilities are located, so that the Project Facilities and leasehold interest in the land on which the Project Facilities are located will have been financed fifty percent (50%) or more by the proceeds of the Tax-Exempt Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code. As soon as practicable following Final Completion, the Borrower will deliver a use of proceeds certificate in the form attached hereto as Schedule 9, accompanied by a schedule showing how proceeds of the Tax-Exempt Bonds were spent.

Section 6.23 Compliance With Anti-Terrorism Regulations. Neither the Borrower, the General Partner nor any Person holding any legal or beneficial interest whatsoever in the Borrower shall at any time during the Term be described in, covered by or specially designated pursuant to or be affiliated with any Person described in, covered by or specially designated pursuant to Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended, or any similar list issued by OFAC or any other department or agency of the United States of America. Notwithstanding the foregoing, the Borrower and the General Partner hereby each confirm that if it becomes aware or receives any notice of any violation of the foregoing covenant and agreement (an “**OFAC Violation**”), the Borrower or the General Partner, as applicable, will immediately (i) give notice to the Controlling Person and the Majority Owner Representative of such OFAC Violation, and (ii) comply with all Legal Requirements applicable to such OFAC Violation, including, without limitation, Executive Order 13224; the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701-06; the Iraqi Sanctions Act, Pub. L. 101-5 13, 104 Stat. 2047-55; the United Nations Participation Act, 22 U.S.C. Section 287c; the Antiterrorism and Effective Death Penalty Act, (enacting 8 U.S.C. Section 219, 18 U.S.C. Section 2332d, and 18 U.S.C. Section 2339b); the International Security and Development Cooperation Act, 22 U.S.C. Section 2349 aa-9; the Terrorism Sanctions Regulations, 31 C.F.R. Part 595; the Terrorism List Governments Sanctions Regulations, 31 C.F.R. Part 596; and the Foreign Terrorist Organizations Sanctions Regulations, 31 C.F.R. Part 597 (collectively, the “**Anti-Terrorism Regulations**”), and the Borrower and the General Partner hereby authorize and consent to the Controlling Person's taking any and all reasonable steps the Controlling Person deems necessary, in its sole discretion, to comply with all Legal Requirements applicable to any such OFAC Violation, including the requirements of the Anti-Terrorism Regulations. Notwithstanding anything to the contrary in this Section, the Borrower shall not be deemed to be in violation of the covenants and agreements set forth in the first sentence of this Section 6.23 if the Borrower timely complies with all requirements imposed by the foregoing sentence and all requirements of the Antiterrorism Regulations and all other applicable Legal Requirements relating to such OFAC Violation.

Section 6.24 Adoption of Capital and Operating Budgets.

(a) On or before December 1 of each Fiscal Year commencing December 1, 2018, the Borrower shall submit to the Controlling Person for approval a proposed capital and operating budget with respect to the Project Facilities to be effective for the next following Fiscal Year (the “**Proposed Budget**”). The Controlling Person shall have the right to approve or disapprove any Proposed Budget, which approval

shall not be unreasonably withheld or delayed. Third party costs not within the Borrower's control and costs associated with remediation of emergency conditions shall be permitted variances to the Annual Budget. If any Proposed Budget is not disapproved by the Controlling Person within thirty (30) days following submission by the Borrower, such budget shall be deemed approved. If any budget is disapproved, the Borrower shall thereafter consult with the Controlling Person in an effort to achieve a mutually acceptable Annual Budget for an additional thirty (30) days. To the extent the proposed operating budget is disapproved, the operating budget for the previous Fiscal Year shall remain in effect increased by five percent (5%) over the previous Fiscal Year (except for costs of utilities, Impositions and insurance and other third-party costs or cost associated with remediation of emergency conditions which shall be permitted variances to the Proposed Budget) until the parties resolve their differences. In addition to, and not in limitation of the foregoing, each Annual Budget may be revised from time to time with approval of Controlling Person to reflect changes to Expenses and proposed Capital Expenditures set forth in the then-current Annual Budget.

(b) Without limiting the generality that each Proposed Budget must be approved by the Controlling Person, each Proposed Budget:

(i) shall be prepared on the basis of sound accounting practices consistently applied;

(ii) shall reflect all amounts projected to be deposited in the Replacement Reserve Fund and the projected revenues and Expenses of the Project Facilities;

(iii) shall reflect all projected Capital Expenditures which are reasonably expected to be made in connection with the Project Facilities during the Fiscal Year covered by such Proposed Budget; and

(iv) shall be in such form as is reasonably acceptable to the Controlling Person and containing such other information as reasonably may be requested by the Controlling Person.

Section 6.25 Borrower's Approval of Indenture. The Borrower understands that the Issuer will, pursuant to the Indenture and as security for the payment of the principal of, premium, if any, and the interest on the Bonds, assign and pledge to the Trustee, and create a security interest in favor of the Trustee in certain of its rights, title and interest in and to this Agreement (including all payments hereunder) reserving, however, the Reserved Rights and the Borrower hereby agrees and consents to such assignment and pledge. The Borrower acknowledges that it has received a copy of the Indenture for its examination and review. By its execution of this Agreement, the Borrower acknowledges that it has approved, has agreed to and is bound by the applicable provisions of the Indenture. The Borrower agrees that the Trustee shall be entitled to enforce and to benefit from the terms and conditions of this Agreement that relate to it notwithstanding the fact that it is not a signatory hereto.

Section 6.26 Conditions Precedent; Payment of Certain Fees, Deposits and Expenses. On the date of execution and delivery hereof, (a) Red Stone Tax-Exempt Funding, LLC, Red Stone A7 LLC, the Trustee and the Issuer, as applicable, shall have received, in immediately available funds, the amount equal to the fees set forth in Sections 2.2(a) and (f) hereof, (b) the Controlling Person shall have received, in immediately available funds, the amount equal to the fees of the Engineering Consultant set forth in Section 2.2(b) hereof incurred as of the date of the execution and delivery hereof, and (c) the Trustee shall have received the deposits required to be made in the Accounts on such date pursuant to Article 8 hereof.

Section 6.27 Construction of Improvements. The Borrower shall construct the Project Facilities in a true, thorough and workmanlike manner and substantially in accordance with the Plans and

Specifications and in compliance with all applicable Governmental Actions and Legal Requirements. The Borrower shall provide, at the Borrower's expense all manner of materials, labor, implements and cartage of every description for the due completion of construction of the Project Facilities. The Borrower shall take all necessary steps to assure that commencement of construction of the Project Facilities shall begin within thirty (30) days following the Issue Date, shall proceed continuously and diligently and in a commercially reasonable manner, and shall be completed lien free in a timely manner substantially in accordance with the Plans and Specifications and in all instances in compliance with all applicable Governmental Actions and Legal Requirements, on or before the Completion Date.

Section 6.28 Evidence of Payment of Costs. If requested by the Controlling Person, the Borrower shall furnish, before each advance agreed to be made and on completion of construction, all receipted bills, certificates, affidavits, conditional releases of lien and other documents which may be reasonably required by the Controlling Person, as evidence of full payment for all labor and materials incident to the construction of the Project Facilities for each requested draw with copies of unconditional releases of lien from each prior draw and will promptly secure the release of the Project Facilities from all liens by payment thereof or transfer to bond or other security.

Section 6.29 Correction of Deficiencies in Improvements. The Borrower agrees that it will correct any work performed and replace any materials that do not materially comply with the Plans and Specifications in any material respect. In the event of any dispute between the Borrower and the Controlling Person with respect to the interpretation and meaning of the Plans and Specifications, the same shall be determined by an independent engineer selected by the Borrower from the list of engineers approved by Controlling Person.

Section 6.30 Sufficiency of Loan Proceeds. If, for any reason, the Controlling Person shall, in the reasonable exercise of the Controlling Person's judgment, determine that the combined total of (i) the remaining proceeds of the Loan, and (ii) any other sums on deposit by the Borrower with the Trustee and the capital contributions from Borrower's partners are insufficient to complete construction of the Project Facilities, the Controlling Person may require the Borrower to deposit with the Trustee for deposit into the Project Fund, within ten (10) days after written request by the Controlling Person, the projected deficiency with the Trustee, and such deposit shall be first disbursed in the same manner as the Loan is to be disbursed as provided herein before any further disbursements of the proceeds of the Loan shall be made.

Section 6.31 Use of Loan Proceeds. All labor and materials contracted for and in connection with the construction of the Project Facilities shall be used and employed solely for the Improvements and in said construction and only in accordance with the Plans and Specifications. Proceeds of the Bonds disbursed from Accounts held under the Indenture to or for the account of the Borrower shall constitute a trust fund in the hands of the Borrower or other payee and, in the case of proceeds of the Tax-Exempt Bonds, shall be used solely by such payee for the payment of the Qualified Project Costs and for no other purpose unless another use is specifically provided for in this Agreement or consented to in writing by the Controlling Person. Nothing in this Section 6.31 shall be deemed to impose a trust on the undisbursed portion of the Loan or any other amounts held under the Indenture or to impose any duty on the Controlling Person with respect thereto. Within forty-five (45) days after Final Completion, the Borrower shall deliver a use of proceeds certificate in the form attached hereto as Schedule 6, accompanied by a schedule showing how proceeds of the Bonds were spent and showing the allocation between expenditure of the Taxable Bonds and Tax-Exempt Bond Proceeds.

Section 6.32 Continuing Disclosure. The Borrower hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement or the Indenture, the failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder or under the

Indenture or a default with respect to the Bonds or the Bond Documents. The Borrower will provide to the Trustee and the Issuer copies of the annual financial statements of the Project Facilities and notices of material events provided pursuant to the Continuing Disclosure Agreement.

Section 6.33 Non-discrimination. The Borrower shall not discriminate on the basis of race, creed, color, sex, age or national origin in the lease, use or occupancy of the Project Facilities or in connection with the employment or application for employment of persons for the operation or management for the Project Facilities.

Section 6.34 Special Servicing Costs. In accordance with industry standards and as set forth on Exhibit D hereto, the Controlling Person, as servicer of the Loan, may charge the Borrower additional servicing fees and costs for special servicing requests. The Borrower shall pay as and when due all such special servicing fees or costs.

ARTICLE 7 DEFAULTS AND REMEDIES

Section 7.1 Defaults. Each of the following shall constitute an event of default hereunder ("Event of Default"):

(a) Failure by the Borrower to pay any amount required to be paid by the Borrower under this Agreement, the Note or any of the other Bond Documents when the same shall become due and payable; and continuation of such failure for 10 days after notice to the Borrower and the Tax Credit Investor.

(b) Failure by the Borrower to perform or comply with any of the terms or conditions contained in Section 6.1, 6.11 or 6.12 hereof;

(c) Other than as described in any other subsection of this Section 7.1, Failure by the Borrower to perform or comply with any of the terms or conditions contained in this Agreement and any of the other Bond Documents to which the Borrower is a party and continuation of such failure for thirty (30) days after written notice from the Trustee or the Controlling Person to the Borrower, and the Tax Credit Investor, or such longer period to which the Controlling Person may agree in the case of a default not curable by the exercise of due diligence within such thirty (30) day period, if the Borrower, the General Partner or the Tax Credit Investor shall have commenced a cure of such default within such thirty (30) day period and shall be diligently pursuing such cure as quickly as reasonably possible;

(d) Any of the representations or warranties of the Borrower set forth in this Agreement, any of the other Bond Documents or any other document furnished to the Issuer, the Trustee, the Controlling Person or the Majority Owner pursuant to the terms hereof proves to have been false or misleading in any material respect when made;

(e) Any provision of this Agreement or any of the other Bond Documents to which the Borrower, the General Partner or any Guarantor is a party for any reason ceases to be valid and binding on the Borrower the General Partner or any Guarantor, or is declared to be null and void, or is violative of any applicable Legal Requirement relating to a maximum amount of interest permitted to be contracted for, charged or received, or the validity or enforceability thereof is contested by the Borrower, the General Partner or any Guarantor or any Governmental Authority, or the Borrower, the General Partner or any Guarantor denies that it has any or further liability or obligation under this Agreement or any of the Bond Documents to which the Borrower, the General Partner or any Guarantor is a party;

(f) The occurrence of an Event of Default as defined in the Indenture, the other Bond Documents, the Subordinate Debt Documents, the Ground Lease or the VASH Contract or an act or event (or failure to act or non-occurrence of an act) which, with the passage of time, the giving of notice or both, would constitute an Event of Default under and as defined in the Indenture, the other Bond Documents, the Subordinate Debt Documents the Ground Lease or the VASH Contract;

(g) The Borrower, any Guarantor or the General Partner (i) applies for or consents to the appointment of a receiver, trustee, liquidator or custodian or the like of the Borrower, any Guarantor or the General Partner, as applicable, or of property of any such party or (ii) admits in writing the inability of the Borrower, any Guarantor or the General Partner to pay its debts generally as they become due, or (iii) makes a general assignment for the benefit of creditors, (iv) is adjudicated bankrupt or insolvent, (v) commences a voluntary case under the Bankruptcy Code or files a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or files an answer admitting the material allegations of a petition filed against the Borrower, any Guarantor or the General Partner in any bankruptcy, reorganization or insolvency proceeding, or action of the Borrower, any Guarantor or the General Partner is taken for the purpose of effecting any of the foregoing, or (vi) has instituted against it, without the application, approval or consent of the Borrower, any Guarantor or the General Partner, as applicable, a proceeding in any court of competent jurisdiction, under any Legal Requirements relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking in respect of the Borrower, any Guarantor or the General Partner an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding up or liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Borrower, any Guarantor or the General Partner or of all or any substantial part of the assets of such party or other like relief in respect thereof under any Legal Requirements relating to bankruptcy or insolvency law, and, if such proceeding is being contested by the Borrower, such Guarantor or the General Partner, as applicable, in good faith, the same (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed and undischarged for a period of ninety (90) days;

(h) The Borrower fails to maintain in full force and effect any insurance required pursuant to this Agreement;

(i) The Project Facilities suffer a loss by fire or other casualty and such loss is not fully insured and any deficiency in the amount of insurance proceeds paid with respect to such loss is not posted with the Trustee within thirty (30) days of the determination of such deficiency;

(j) The Project Facilities fail (i) to achieve Final Completion on or before the Completion Date, or (ii) to achieve Stabilization on or before the Stabilization Date; provided, however, that the Borrower shall have forty-five (45) days from the Completion Date and the Stabilization Date to submit to the Controlling Person the documentation and certificates related to Final Completion and Stabilization prior to such failure becoming an Event of Default hereunder;

(k) Any litigation or administrative proceeding ensues, and is not dismissed within thirty (30) days, involving the Borrower, the General Partner, any Guarantor or any instrument, contract or document delivered by the Borrower to the Controlling Person or the Trustee in compliance with this Agreement, and the adverse result of such litigation or proceeding would have, in the Controlling Person's reasonable opinion, a materially adverse effect on the Borrower's, the General Partner's or such Guarantor's ability to pay its obligations and comply with the covenants under this Agreement or any of the other Bond Documents;

(l) Any one or more judgments or orders are entered against the Borrower, any Guarantor or the General Partner, and (1) continue unsatisfied and unstayed for thirty (30) days, or (2) a

judgment lien on any property of the Borrower is recorded in respect thereof and is not stayed pending appeal by a bond or other arrangement given or obtained by the Borrower, such Guarantor or the General Partner on terms which do not violate any of the Borrower's covenants under this Agreement; and

(m) Failure by the Borrower (1) to make any payment or payments in respect of any Obligation or Indebtedness (unless a bona fide dispute exists as to whether such payment is due), when such payment or payments are due and payable (after the lapse of any applicable grace period), (2) to perform any other obligation or covenant under any such obligation or obligations, or (3) to pay or perform any obligation or covenant under any Material Contract, any of which (x) results in the acceleration of such Obligation or Indebtedness or enables the holder or holders of such Obligation or Indebtedness or any person acting on behalf of such holder or holders to accelerate the maturity of such obligation, or (y) would have, in the Controlling Person's reasonable opinion, a materially adverse effect on the Borrower's ability to pay its obligations and comply with the covenants under this Agreement or any of the other Bond Documents.

Notwithstanding the foregoing, if any Event of Default described in paragraphs (g), (k) or (l) of Section 7.1 is caused solely by the action of a Guarantor, then so long as no other Default or Event of Default exists under the Bond Documents, the Controlling Person shall not direct the Trustee to declare an Event of Default or pursue remedies hereunder for a period of an additional thirty (30) days, during which period the Borrower or the Tax Credit Investor shall have the option to cure such Event of Default to the satisfaction of the Controlling Person, or to provide a replacement guarantor, which replacement guarantor shall be acceptable to the Controlling Person in its sole discretion.

It is expressly acknowledged and agreed that an Event of Default under the Agreement shall constitute a default or Event of Default under the Indenture.

Section 7.2 Remedies. If an Event of Default has occurred and is continuing uncured, the Trustee, shall:

(a) Acting solely at the written direction of the Controlling Person, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable; and

(b) Acting solely at the written direction of the Controlling Person, declare the Borrower's obligations hereunder, under the Note and under the other Bond Documents to be, whereupon the same shall become, immediately due and payable, provided, no such declaration shall be required, and acceleration shall be automatic, upon occurrence of an event set forth in Section 7.1(g) hereof; and

(c) Acting solely at the written direction of the Controlling Person, enter upon the Project Facilities and take possession thereof, together with the Improvements in the course of construction or completed, and all of the Borrower's materials, supplies, tools, equipment and construction facilities and appliances located thereon, and proceed either in the name of the Trustee or in the name of the Borrower as the attorney-in-fact of the Borrower (which authority is coupled with an interest and is irrevocable by the Borrower) as the Controlling Person shall elect, to complete the construction of the Improvements at the cost and expense of the Borrower. If the Controlling Person elects to complete or cause the construction of the Improvements to be so completed, (i) it may do so according to the terms of the Plans and Specifications, with such changes thereto as the Controlling Person shall deem expedient or necessary, (ii) and the Trustee may enforce or cancel all contracts entered into as aforesaid or make other contracts which in the Controlling Person's reasonable opinion may seem advisable, (iii) the Borrower shall be liable, under this Agreement or under the Note to pay the Trustee upon demand any amount or amounts expended by the Trustee, the Controlling Person or their respective representatives for such performance, together with any costs, charges or expenses incident thereto or otherwise incurred or expended by the Trustee or their

respective representatives on behalf of the Borrower in connection with the Improvements, and (iv) the amounts so expended shall bear interest at the Default Rate and shall be considered part of the indebtedness evidenced by the Note and secured by the Mortgage; and

(d) Acting solely at the written direction of the Controlling Person, (i) enter upon or take possession of the Project Facilities and call upon or employ suppliers, agents, managers, maintenance personnel, security guards, architects, engineers and inspectors to complete, manage or operate the Project Facilities or to protect the Project Facilities from injury; (ii) pay out additional sums (which sums shall be immediately due and payable by the Borrower to the Trustee) and use any property of the Borrower associated with the Project Facilities, or any property of the Borrower in which the Trustee has or obtains an interest for application to or as a reserve for payment of any or all of the following with respect to the protection, management, operation or maintenance of the Project Facilities or the protection of the Trustee's interest therein, and in such connection deliver or disburse the same to such entities in such amounts and with such preferences and priorities as the Controlling Person in its sole discretion shall determine, either with or without vouchers or orders executed by any of the Borrower: (1) all sums due from the Borrower to the Trustee; (2) premiums and costs of title and any other insurance; (3) leasing fees and brokerage or sales commissions; (4) fees, costs and expenses of the Trustee, the Controlling Person and their respective counsel in connection with the enforcement of the performance of this Agreement, the other Bond Documents and the other documents contemplated hereby; (5) any taxes (including federal, state and local taxes) or other governmental charges; (6) any sums required to indemnify and hold the Trustee and the Controlling Person harmless from any act or omission of the Trustee or the Controlling Person (except such as are grossly negligent or due to its willful misconduct) under Section 2.5 hereof, the other Bond Documents or any other document; (7) architectural and engineering costs or any sums due to contractors, subcontractors, mechanics or materialmen for work or services actually furnished on or for the Project Facilities; (8) claims of any Governmental Authority for any required withholding of taxes on wages payable or paid by any of the Borrower; and (9) other costs and expenses which are required to complete, manage or operate the Project Facilities or to protect the Project Facilities from injury or maintain the Trustee's security position before the rights of all others; (iii) place additional encumbrances upon the Project Facilities; and (iv) employ leasing and sales agents and negotiate and execute leases, sales contracts and financing undertakings in connection with all or any part of the Project Facilities; and

(e) Acting solely at the written direction of the Controlling Person, subject to all Legal Requirements, require the Borrower to transfer all security deposits to the Trustee; and

(f) Acting solely at the written direction of the Controlling Person, exercise, or cause to be exercised, any and all such remedies as it may have under this Agreement, the other Bond Documents or at law or in equity.

Except in connection with the enforcement by the Issuer of its Reserved Rights, the Trustee shall not take any action upon the occurrence of an Event of Default unless such action is at the written direction of the Controlling Person. Before taking any action required hereunder which may require the Trustee to incur costs, expend its own funds or expose it to risk, the Trustee may, except as otherwise set forth in Article VII of the Indenture, require security or indemnification satisfactory to it for the reimbursement of all costs, expenses or liabilities it incurs in connection with such action.

Section 7.3 No Waivers; Consents. No waiver of, or consent with respect to, any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Trustee at the direction of the Controlling Person (or by the Issuer if the same relates to Reserved Rights), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Section 7.4 No Waiver; Remedies Cumulative. No failure on the part of the Issuer, the Trustee, the Controlling Person or any Bondholder to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies available under any other document or at law or in equity.

Section 7.5 Set-Off. Upon the occurrence and during the continuation of an Event of Default hereunder (provided that the Trustee and Controlling Person shall have no obligation to accept a cure of any Event of Default), the Trustee is hereby authorized at any time and from time to time without notice to the Borrower or the General Partner (any such notice being expressly waived by the Borrower and the General Partner) and, to the fullest extent permitted by applicable Legal Requirements, to set off and to apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or moneys at any time held (including any amounts in the Accounts except for the Rebate Fund and the Tax and Insurance Escrow Fund) and other indebtedness at any time owing by the Issuer to or for the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement, the Bond Documents or any other agreement or instrument delivered by the Borrower to the Issuer in connection therewith, whether or not the Issuer shall have made any demand hereunder or thereunder and although such obligations may be contingent or unmatured. The rights of the Issuer under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Issuer may have.

Section 7.6 Issuer and Borrower to Give Notice of Default. The Issuer and the Borrower severally covenant that they will, at the expense of the Borrower, promptly give to the Trustee, the Controlling Person, the Tax Credit Investor, Class B Special Limited Partner, and to each other written notice of the occurrence of any Event of Default under this Agreement, and any act, event or circumstance which, with the passage of time, or notice, or both, would constitute such an Event of Default of which they shall have actual knowledge or written notice, but the Issuer shall not be liable for failing to give such notice. In the absence of such written notice, the Trustee may conclusively assume that no Event of Default exists.

Section 7.7 Cure by Limited Partners. Notwithstanding anything to the contrary contained herein, the Issuer hereby agrees that any timely cure of any default made or tendered by the Tax Credit Investor and/or the Special Limited Partner shall be deemed to be a cure by the Borrower, and shall be accepted or rejected on the same basis as if made or tendered by the Borrower; provided, however, that neither the Tax Credit Investor nor the Special Limited Partner, shall have any obligation or duty to take any action to cure any default or to cause any default to be cured.

Section 7.8 Default Rate; Acceleration Premium. In the event there shall have occurred an acceleration of the obligations of the Borrower hereunder following an Event of Default on or before January 1, 2033, any tender of payment of an amount necessary to satisfy the indebtedness evidenced by this Agreement shall include the acceleration premium set forth in Section 2.3(c) hereof. In addition, in the event that principal or interest payable hereunder is not paid when due, there shall be payable on the amount not timely paid, interest at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

Section 7.9 Reserved Rights; Regulatory Agreement Defaults.

(a) Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Bond Documents and exercise the permitted remedies with respect thereto

against the Borrower, subject to the provisions of subparagraph (c) below and subject to the Intercreditor Agreement.

(b) If there shall have occurred and be then continuing an event of default under the Regulatory and Land Use Restriction Agreement which would, in the reasonable judgment of the Issuer or the Trustee, jeopardize the exclusion from gross income of interest on the Bonds (a "**Regulatory Agreement Default**") and such Regulatory Agreement Default remains uncured or unwaived for a period of sixty (60) days after the Borrower and the Tax Credit Investor and the Controlling Person receive written notice from the Trustee or the Issuer stating that a Regulatory Agreement Default has occurred and specifying the nature of such Regulatory Agreement Default, then, if authorized by the Bond Documents, the Issuer and the Trustee may, without the Controlling Person's consent, exercise the remedy of pursuing specific performance of the Bond Documents on account of such Regulatory Agreement Default, unless:

(i) The Issuer and the Trustee, prior to the end of such sixty (60) day period, are provided with a Favorable Opinion of Bond Counsel with respect to the failure to cure such Regulatory Agreement Default (which opinion may be requested and obtained by the Controlling Person);

(ii) The Controlling Person or the Borrower or the Tax Credit Investor institutes action to cure such Regulatory Agreement Default within such sixty (60) day period and diligently pursues such action thereafter until such Regulatory Agreement Default is cured; or

(iii) If such Regulatory Agreement Default is not reasonably curable by the Controlling Person without the Trustee's first securing possession of the Project Facilities and/or operational control of the Borrower, the Controlling Person (subject to extension during any stay on account of the bankruptcy of the Borrower) (x) instructs the Trustee to institute, within such sixty (60) day period, proceedings or other action for the purposes of obtaining such possession or control pursuant to the Bond Documents; (y) thereafter instructs the Trustee to pursue diligently such proceedings until such possession or control is obtained; and (z) diligently pursues action to cure such default after the Trustee or other designee of the Controlling Person obtains possession or control of the Project Facilities, until such Regulatory Agreement Default is cured; provided, however, that any extension, pursuant to paragraph (ii) above, of the period within which a Regulatory Agreement Default must be cured shall only be effective if and to the extent that in a Favorable Opinion of Bond Counsel is provided with respect to such extension; and provided further, that the Trustee, upon five (5) Business Days' prior written notice to the Controlling Person following any such Regulatory Agreement Default, may reduce the sixty (60) period provided above to such shorter period of time as is specified in such notice (but in no event less than fifteen (15) Business Days), but only if there shall have been provided a Favorable Opinion of Bond Counsel with respect to such reduction of such period.

(c) In the event of a default in respect of Reserved Rights or a Regulatory Agreement Default which remains uncured after written notice thereof to the Borrower, the Tax Credit Investor, and the Controlling Person, nothing in this Section 7.9 shall restrict or in any way limit the right of the Issuer or the Trustee to take any action for specific performance available under the Regulatory and Land Use Restriction Agreement or at law or in equity in order to enforce the terms of the Regulatory and Land Use Restriction Agreement or to enforce Reserved Rights, so long as neither the Issuer nor the Trustee takes any action (i) to declare the outstanding balance of the Bonds or the Bond Documents to be due on account of such default, (ii) to have a receiver appointed in respect of the Project Facilities, (iii) to foreclose any liens upon or security interests or to enforce any other similar remedy against any of the property described in the Mortgage, or (iv) to enforce any other similar remedy which would cause such liens or security interests to be discharged or materially impaired thereby.

ARTICLE 8
DEPOSITS AND DISBURSEMENTS FROM ACCOUNTS

Section 8.1 Replacement Reserve Fund. Pursuant to the Replacement Reserve Agreement, the Borrower shall pay or cause to be paid to the Trustee, for deposit into the Replacement Reserve Fund established by the Indenture, the amounts described in the Replacement Reserve Agreement. The amounts deposited in the Replacement Reserve Fund from time to time, shall be maintained, disbursed, and applied as provided in the Replacement Reserve Agreement and pursuant to Section 4.8 of the Indenture.

Section 8.2 Tax and Insurance Escrow Fund.

(a) As a condition of Stabilization, the Borrower shall pay, or cause to be paid, to the Trustee, to be deposited in the Tax and Insurance Escrow Account, an amount which, when added to an amount equal to the sum of:

(i) the product of the Impositions component of the Monthly Tax and Insurance Amount for the Project Facilities and the number of months from and including the Stabilization Date, until and including the month in which occurs the date that the Impositions on the Project Facilities are due and payable before penalty;

(ii) the product of insurance component of the Monthly Tax and Insurance Amount and the number of months from and including the Stabilization Date, until and including the month in which occurs the date that the annual insurance premiums for the insurance on the Project Facilities required hereunder are due and payable; and

(iii) the product will be sufficient to pay in full the Impositions and insurance premiums for the Project Facilities when the same become due and payable before penalty.

(b) Thereafter, on the Business Day prior to the first Business Day of each month commencing the month following the Stabilization Date, and each month thereafter, the Borrower shall pay, or cause to be paid, to the Trustee an amount equal to the Monthly Tax and Insurance Amount for the Project Facilities to be deposited in the Tax and Insurance Escrow Fund.

(c) The amounts deposited in the Tax and Insurance Escrow Fund shall be applied in accordance with Section 4.6 of the Indenture.

Section 8.3 Redemption Fund. Prior to the first Business Day of each month commencing on the date set forth on Schedule 3 attached hereto, and thereafter on a Business Day prior to the first of each month until the date on which the Bonds are no longer Outstanding or have been defeased, the Borrower shall pay to the Trustee the monthly amount shown on Schedule 3 attached hereto for deposit into the Redemption Fund pursuant to Section 4.5 of the Indenture. Following any partial redemption of the Bonds (other than pursuant to Section 2.12(c) of the Indenture), the Controlling Person shall adjust the monthly amount due pursuant to this provision to account for any partial redemption of the Bonds in the manner set forth in Section 2.12(e) of the Indenture and shall provide the Borrower and the Trustee with the revised Schedule 3. The Borrower shall also pay to the Trustee for deposit in the Redemption Fund all amounts required to redeem the Bonds pursuant to Section 2.12(b)(vi) of the Indenture on or before the Interest Payment Date specified in the notice of the Controlling Person as provided in Section 2.12(b)(vi) of the Indenture. The Borrower shall also pay to the Trustee for deposit in the Redemption Fund all other amounts required to redeem Bonds pursuant to Section 2.12 of the Indenture, as provided therein. The amounts deposited in the Redemption Fund shall be applied in accordance with Section 4.5 of the Indenture.

Section 8.4 Operating Reserve Fund.

(a) As a condition of Stabilization, the Borrower shall pay or cause, to be paid to the Trustee, for deposit into the Operating Reserve Fund, an amount of not less than \$509,067. Following any disbursement, payment or transfer of moneys from the Operating Reserve Fund, the Borrower shall replenish the Operating Reserve Fund monthly, from and to the extent of revenue from the operation of the Project Facilities available after payment of Expenses, capital expenditures and amounts then due and owing under the Bond Documents, and prior to the payment of any distributions to the Borrower's general partners, until such time as the balance on deposit in the Operating Reserve Fund is in an amount of not less than \$509,067. Amounts on deposit in the Operating Reserve Fund shall be applied as set forth in Section 4.9(a) of the Indenture.

(b) Following Stabilization and deposit of funds by the Borrower in the Operating Reserve Fund as described in Section 8.4(a) above, provided that no Default or Event of Default shall have occurred, the Borrower may withdraw such funds on deposit in the Operating Reserve Fund and deliver in lieu thereof an Operating Reserve Letter of Credit meeting the requirements of Section 4.9(c) of the Indenture. The Operating Reserve Letter of Credit, under the circumstances described below, must provide that the Trustee may draw upon the Operating Reserve Letter of Credit and must otherwise be acceptable to the Controlling Person in its sole discretion. The Trustee shall draw upon the Operating Reserve Letter of Credit:

(i) at the direction of the Controlling Person, following the occurrence of a Default or Event of Default; or

(ii) at the direction of the Controlling Person, following a credit rating downgrade of the bank providing the Operating Reserve Letter of Credit below "A" or a withdrawal or suspension of such rating; or

(iii) at the direction of the Controlling Person, if the Operating Reserve Letter of Credit is expiring without being extended or renewed upon terms acceptable to the Controlling Person, within thirty (30) days of its expiration; or

(iv) at the direction of the Controlling Person, if the Controlling Person in its sole discretion determines that the debt service coverage ratio is below 1.05; 1.00 or that funds are otherwise needed for the Project Facilities; or

(v) at the direction of the Borrower or the Tax Credit Investor.

(c) Following any draw on the Operating Reserve Letter of Credit, the Trustee shall deposit the proceeds of such draw into the Operating Reserve Fund and the requirements of Section 8.4(a) shall become applicable in all respects to the Operating Reserve Fund.

Section 8.5 Investment. Funds in the Accounts shall be invested in Permitted Investments upon the written direction of the Borrower with the written consent of the Controlling Person and the Majority Owner Representative, as set forth in Section 4.12 of the Indenture. Earnings on the Accounts shall be held or disbursed as set forth in Article IV of the Indenture. The Trustee shall have the right to invest or withdraw any deposited funds or to direct the liquidation of any investments held in order to pay the amounts required under this Agreement and the other Bond Documents. The Trustee shall not be liable for any loss sustained as a result of any liquidation of any collateral prior to its maturity. Any income or gain realized on such investments shall be credited to and become part of the respective Account and reinvested and applied as provided in the Indenture. Provided that a Default or an Event of Default does

not exist, the Borrower from time to time may request the Controlling Person to consent to the disbursement to or upon the order of the Borrower of the investment income previously credited to the Accounts, which consent by the Controlling Person shall not be unreasonably withheld or delayed.

Section 8.6 Security Interest in Accounts. The Borrower hereby assigns and pledges to the Issuer, and grants the Issuer a security interest in, as additional collateral security for the Borrower's obligations to the Issuer hereunder (and the Borrower acknowledges and agrees that the Issuer shall have a continuing security interest in) all of the Borrower's right, title and interest, if any, in all Accounts, all cash, cash equivalents, instruments, investments and other securities at any time held in the Accounts, all proceeds of the foregoing, and all of the Borrower's rights associated with such Accounts, if any. The Issuer hereby directs the Trustee to hold all moneys in the Accounts from time to time as agent and bailee of the Issuer.

Section 8.7 Reports. The Trustee shall provide to the Borrower detailed monthly reports on or before the fifth (5th) day of the month following the month to which such report relates showing receipts, disbursements, balances and investments of each Account. Within ten (10) days of a written request of the Borrower to such effect, the Trustee shall deliver to the Borrower an accounting of receipts, disbursements and balances in one or more of the Accounts as necessary and appropriate to assist the Borrower in complying with its covenants to calculate and pay any rebate amount or yield reduction payments due and owing to the United States of America with respect to the Bonds.

Section 8.8 No Liability of Trustee. In performing any of its duties hereunder, the Trustee shall not incur any liability to anyone for any damages, losses or expenses, except for its gross negligence, bad faith or willful misconduct; and the Trustee shall not incur any liability with respect to any action taken or omitted in good faith in the performance of its duties and responsibilities under this Agreement.

ARTICLE 9 CONSTRUCTION AND FUNDING OF ADVANCES

Section 9.1 Construction of Project Facilities; Final Completion. The Borrower shall commence performance of the Work in respect of the Improvements no later than October __, 20__, and shall achieve Final Completion of such Work in accordance with the Plans and Specifications on or before the Completion Date; provided, however, that at the request of the Borrower and with the prior written approval of the Controlling Person, the Completion Date may be extended one or more times for such periods as the Controlling Person may approve in its sole discretion and upon delivery of such other information and funds and payment of such extension fees as the Controlling Person may require in its sole discretion; and provided further that the Borrower shall have a period of not more than forty-five (45) days from the Completion Date in which to prepare and submit the completion certificate in the form set forth as Schedule 8 hereto and other documents evidencing Final Completion and the use of proceeds certificate in the form set forth as Schedule 9 hereto before the failure of the Project Facilities to achieve Final Completion shall constitute an Event of Default hereunder.

Section 9.2 Making the Advances.

(a) At such time as the Borrower desires to obtain an advance from the Project Fund, an Authorized Person shall complete, execute and deliver a Requisition to the Controlling Person for its approval; no Requisition shall be delivered to the Trustee until it has been approved by the Controlling Person, and each advance by the Trustee of the amounts in the Project Fund shall be subject to the prior approval of the Requisition by the Controlling Person. The Controlling Person shall endeavor to approve or object to any Requisition within ten (10) Business Days of its submission and the submission of all

additional information required in connection with such Requisition and shall endeavor to provide specific information concerning the nature of any objection it may have.

(b) Each Requisition shall be submitted to the Controlling Person at least fifteen (15) Business Days prior to the date of the requested Advance, and no more frequently than once each month (excluding the month in which the initial advance is requested). The Borrower shall open and maintain a checking account with a financial institution reasonably satisfactory to the Controlling Person. Except as otherwise provided for herein, the Controlling Person shall direct the Trustee to deposit the proceeds of each Requisition into such account.

Section 9.3 Advances to Contractors; to Others. At its option during the existence of any Event of Default or Default, the Controlling Person may direct the Trustee to make any or all advances: (a) for costs incurred under any construction contract directly to a contractor, subcontractor or vendor, (b) through the Title Company, or (c) to any Person to whom the Controlling Person in good faith determines payment is due.

Section 9.4 Requisition. Each Requisition shall be in the form set forth on Exhibit E hereto, shall be signed on behalf of the Borrower by an Authorized Person, shall be subject to approval by the Controlling Person prior to payment and shall state with respect to each disbursement to be made: (a) the number of the Requisition; (b) the amount to be disbursed; (c) that each obligation therein for which such disbursement is being requested has been properly incurred and has not been the basis for any previous disbursement; and (d) that the expenditure of such disbursement attributable to Tax-Exempt Bonds, when added to all previous disbursements of proceeds of the Tax-Exempt Bonds, will result in not less than ninety-five percent (95%) of all disbursements of proceeds of the Tax-Exempt Bonds having been used to pay or reimburse the Borrower for Qualified Project Costs.

Section 9.5 Project Costs. The Development Budget reflects the purposes and the amounts for which funds to be advanced by the Trustee from the Project Fund are to be used. Subject to Section 9.7 hereof, the Controlling Person shall not be required to approve any Requisition requiring disbursement of funds from the Project Fund for any item of Work in an amount exceeding the amount specified for any item in the Development Budget. Subject to Section 9.7 hereof, in no event shall the Controlling Person approve any Advance in an amount exceeding (a) the total cost (as determined by the Controlling Person) of the labor, materials, fixtures, machinery and equipment completed, approved and incorporated into the Project Facilities prior to the date of such Requisition, less (b) Retainage (if required), less (c) the total amount of any Advances previously made by the Trustee from the Project Fund for such costs.

Section 9.6 Retainage. The Controlling Person shall approve disbursement of Retainage upon completion of the Work or category of Work by the contractor or subcontractor under the contract for which the Retainage was held. No advance of funds from the Project Fund shall be approved unless all Work done at the date the Requisition for such Advance is submitted is done in a good and workmanlike manner and without defects, as confirmed by the report of the Engineering Consultant.

Section 9.7 Contingency Reserve. The amount allocated to "contingency" in the Development Budget is not intended to be disbursed without, and will only be disbursed upon, the prior approval of the Controlling Person. The disbursement of a portion of the contingency reserve shall in no way prejudice the Controlling Person from directing the Trustee to withhold disbursement of any further portion of the contingency reserve.

Section 9.8 Stored Materials. The Controlling Person shall approve Requisitions for funds for materials, furnishings, fixtures, machinery or equipment not yet incorporated into the Improvements,

provided that any such disbursement shall be subject to and shall be contingent upon the Controlling Person's receiving satisfactory evidence that:

(a) such materials are components in a form ready for incorporation into the Improvements and shall be so incorporated within a period of thirty (30) days; and

(b) such materials are stored at the Project Facilities, or at such other site as the Controlling Person shall approve, and are protected against theft and damage.

Section 9.9 Cost Overruns and Savings.

(a) If the Borrower becomes aware of any change in the costs of the Work which will increase or decrease the projection of the costs reflected on the Development Budget [by \$_____ or more], the Borrower shall immediately notify the Controlling Person in writing and promptly submit to the Controlling Person for its approval a revised Development Budget. If the Controlling Person otherwise becomes aware of any such change in costs of the Work, the Controlling Person shall have the right to prepare and to authorize disbursements on the basis of a revised Development Budget.

(b) If the revised Development Budget indicates an increase in costs of the Work for the Project Facilities (in excess of the aggregate contingency amount and savings), no further Requisitions for the Work at the Project Facilities need be approved by the Controlling Person unless and until the Borrower has deposited with the Trustee any required funds necessary to cause the amount remaining on deposit in the Project Fund and any Required Equity Funds yet to be deposited with the Trustee to be sufficient to complete fully the construction of the Improvements in accordance with the Plans and Specifications to the extent applicable, and to pay all other projected costs in connection with the Work.

(c) If the revised schedule indicates a decrease in costs of the Work for the Project Facilities, no savings may be reallocated by the Borrower unless and until the Borrower has furnished the Controlling Person and the Engineering Consultant with evidence satisfactory to them that the labor performed and materials supplied in connection with such line item of costs have been satisfactorily completed and paid for in full. At such time, such savings may be reallocated by the Borrower to other line items and may be used for the Costs of the Project with the written consent of the Controlling Person, which will not be unreasonably withheld, conditions or delayed.

(d) The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Project Costs will be sufficient to pay all of the Project Costs. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower should pay any portion of the Project Costs as required herein, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, nor shall the Borrower be entitled to any diminution of the amounts payable under this Agreement or under the Note.

Section 9.10 Right to Retain the Engineering Consultant.

(a) The Trustee shall have the right to retain, at the direction of the Controlling Person and at the Borrower's cost and expense, the Engineering Consultant to perform various services on behalf of the Controlling Person, including, without limitation, to make periodic inspections for the purpose of assuring that construction of the Improvements to date is in accordance with the Plans and Specifications, to advise the Controlling Person of the anticipated cost of and time for completion of construction of the Improvements and to review all construction contracts and subcontracts.

(b) The fees of the Engineering Consultant during the performance of the construction shall be paid by the Borrower in accordance with Section 2.2(b) hereof.

(c) Neither the Controlling Person nor the Engineering Consultant shall have any liability to the Borrower on account of (i) the services performed by the Engineering Consultant, (ii) any neglect or failure on the part of the Engineering Consultant to properly perform its services, or (iii) any approval by the Engineering Consultant of construction of the Improvements. Neither the Controlling Person nor the Engineering Consultant assumes any obligation to the Borrower, the General Partner or any other Person concerning the quality of the Work performed or the absence of defects from the Improvements.

Section 9.11 Inspections. The Borrower agrees to provide and cause to be provided to the Controlling Person and its authorized agents (including the Engineering Consultant), at all times, facilities commonly made available by responsible general contractors for the inspection of the Improvements, and to afford full and free access to the Controlling Person and its authorized agents to all plans, drawings and records with respect to the construction of the Improvements. The Borrower further agrees to promptly send to the Controlling Person a copy of all construction inspection reports made by the Borrower's Architect or engineer.

Section 9.12 Initial Advances. The right of the Borrower to draw the initial Advance on the Issue Date shall be subject to the satisfaction of the following conditions precedent:

(a) The Borrower shall have delivered the items listed on Schedule 7 attached hereto;

(b) The Borrower shall have delivered evidence as to the obtaining of all approvals, permits and licenses which are then required, if any, or necessary for the construction of the Improvements at the Project Facilities, together with copies of all such approvals, permits and licenses or evidence that no such permits or licenses are required;

(c) The Borrower shall have delivered copies of the Borrower's contracts with the Architect and the Contractor, duly executed by the parties thereto, and to the extent applicable, a list of all subcontractors and materialmen who have been or, to the extent identified by the Borrower, will be, supplying labor or materials for the construction of the Project Facilities;

(d) The Borrower shall have delivered to the Controlling Person two (2) complete sets of the Plans and Specifications, together with evidence of their approval by all Governmental Authorities having jurisdiction;

(e) The Borrower shall have delivered payment and performance bonds in respect of the Construction Contract;

(f) The Controlling Person shall have received a report or written confirmation from the Engineering Consultant that (a) the Engineering Consultant has reviewed the Plans and Specifications identified on Schedule 5, (b) the Construction Contract satisfactorily provides for the construction of the Project Facilities, and (c) in the opinion of the Engineering Consultant construction of the Project Facilities can be completed on or before the Completion Date for an amount not greater than the amount allocated for such purpose on the Development Budget;

(g) The Borrower shall have delivered to the Controlling Person evidence as to:

(i) the methods of access to and egress from the Project Facilities, and nearby or adjoining public ways, meeting the reasonable requirements of the Project Facilities and the status of completion of any required improvements to such access;

(ii) the availability of water supply and storm and sanitary sewer facilities meeting the reasonable requirements of the Project Facilities;

(iii) the availability of all other required utilities, in location and capacity sufficient to meet the reasonable needs of the Project Facilities; and

(iv) the obtaining of all Governmental Actions which are required, necessary or desirable for the construction of the Improvements and the access thereto, together with copies of all such Governmental Actions as listed on Schedule 6;

(h) The first installment of the Borrower's Required Equity Funds \$[724,678] and proceeds of the Subordinate Debt in the amount \$_____ shall have been delivered to the Trustee or used to pay Project costs and the other deposits required under Section 4.1(c) of the Indenture shall have been made; and

(i) The Controlling Person, the Borrower and the Trustee shall have executed a closing statement for the Bonds in form and substance satisfactory to the Controlling Person and, if any portion of the initial Advance shall be for hard costs of construction, a completed Requisition as described in Section 9.13(d)(i) hereof and the Engineering Consultant approval described in Section 9.13(d)(iii) hereof.

Section 9.13 Subsequent Advances. The right of the Borrower to draw any subsequent advances of funds from the Project Fund shall be subject to the satisfaction of the following conditions:

(a) The Borrower shall have delivered the items listed on Part B of Schedule 6 attached hereto.

(b) If the Improvements shall have been materially injured or damaged by fire, explosion, accident, flood or other casualty, such Improvements are able to be and are diligently being restored in accordance with the terms of the Mortgage;

(c) There shall not be a continuing Event of Default or a Default;

(d) The Controlling Person and the Trustee shall have received:

(i) a completed Requisition in the form set forth on Exhibit E hereto, accompanied by the certificates, applications, invoices and other materials required thereby;

(ii) if applicable, a "date down" endorsement to the Title Policy indicating no change in the state of title not approved by the Controlling Person; and

(iii) approval of the portion of the Requisition applicable to the Work for such Advance by the Engineering Consultant, accompanied by a certificate or report from the Engineering Consultant to the effect that in its opinion, based on site observations and submissions by the Contractor, the Work for which the advance is requested to the date thereof was performed in a good and workmanlike manner and stating that the remaining

non-disbursed portion of the Bond proceeds, proceeds of the Subordinate Debt, and other available funds and funds projected to be deposited in the Project Fund established under the Indenture is adequate to complete construction of the Improvements in accordance with the Plans and Specifications.

(e) Notwithstanding anything to the contrary set forth in this Agreement, no sums shall be disbursed until the Borrower has delivered a waiver or full release of liens from all contractors, subcontractors, materialmen or others who may be entitled to a lien, as permitted by law for the work for which payment is requested.

(f) The Controlling Person may withhold or refuse to approve any Requisition hereunder if any mechanic's lien is filed or notice of intention to record or file a mechanic's lien has been filed or given.

(g) In addition to the conditions set forth in this Section 9.13, the Controlling Person's obligation to approve any Requisition for Retainage shall be subject to receipt by the Controlling Person of the Engineering Consultant's certification of completion as to the Work performed under any contract or subcontract for which the Retainage will be disbursed.

(h) Within thirty (30) days after the completion of construction of the foundations of the Improvements, the Borrower shall deliver a survey certified by a registered engineer or surveyor showing that the foundations are located at the location shown on the Plans and Specifications.

(i) All installments of Required Equity Funds then due and payable [and all remaining proceeds of the Subordinate Debt] shall have been deposited with the Trustee.

(j) If at any time during the construction of the Project Facilities, the Controlling Person shall in its sole discretion determine that the remaining undisbursed portion of the Project Fund, any other sums previously deposited by Borrower with the Trustee, and any proceeds of the Subordinate Debt any Required Equity Funds yet to be deposited with the Trustee (other than Required Equity Funds which have not been deposited due to a default by the Borrower under the applicable provisions of the Partnership Agreement) and any deferred Developer Fee, is or will be insufficient to complete fully the construction of the Improvements in accordance with the Plans and Specifications, and to pay all other projected costs in connection with the Work, the Borrower will, within seven (7) days after written notice of such determination from the Controlling Person deposit with the Trustee (for deposit into the Equity Account of the Project Fund) such sums of money in cash as the Controlling Person may reasonably require, in an amount sufficient to remedy the condition described in such notice, and sufficient to pay any liens for labor and materials alleged to be due and payable at the time in connection with the Improvements (to the extent not already bonded over or reserved for), and, at the Controlling Person's option, the Controlling Person shall not be obligated to authorize any further advances of the amounts held in the Project Fund by Trustee until the provisions of this Section 9.13(i) have been fully complied with.

(k) No Material Change Order shall have been made without the written approval of the Controlling Person.

(l) Within five (5) days after receiving notice from the Controlling Person (or the Engineering Consultant), the Borrower will commence or cause to be commenced the removal of all materials, whether worked or unworked, and all portions of the construction which the Controlling Person (or the Engineering Consultant) may condemn as failing in a substantial way to conform with the Plans and Specifications, and will prosecute diligently or cause to be prosecuted diligently such removal. The

Borrower further agrees to make good all portions of the construction and other materials damaged by such removal.

Section 9.14 Effect of Approval. Approval of any Requisition by the Controlling Person shall not constitute an approval or acceptance of the Work or materials, nor shall such approval give rise to any liability or responsibility relating to: (i) the quality of the work, the quantity of the work, the rate of progress in completion of the Work, or the sufficiency of materials or labor being supplied in connection therewith; and (ii) any errors, omissions, inconsistencies or other defects of any nature in the Plans and Specifications. Any inspection of the work that the Controlling Person may choose to make, whether through the Consulting Engineer, or architect, agent, employee or officer, during the progress of the work shall be solely for the Controlling Person's information and under no circumstances will they be deemed to have been made for the purpose of supervising or superintending the Work, or for the information or protection of any right or interest of any person or entity other than the Controlling Person and the Majority Owner.

ARTICLE 10 MISCELLANEOUS

Section 10.1 Notices. All notices and other communications provided for hereunder shall be in writing and sent by facsimile and by reputable overnight mail service or private delivery service addressed as follows:

To the Borrower:

Elysium Grand, LP
c/o Austin Housing Finance Corporation
1124 S IH 35
Austin, Texas 78704

And:

LDG Development, LLC
1305 East 6th Street
Austin, Texas 78702
Attention: Justin Hartz

With copies to:

Coats Rose, P.C.
9 Greenway Plaza, Suite 1100
Houston, Texas 77046-0307
Attention: Barry Palmer

And:

Adams Law Group
6004 Brownsboro Park Boulevard, Suite A
Louisville, Kentucky 40207
Attention: Robert W. Adams III

And:

Shackelford, Bowen, McKinley & Norton, LLP
9201 N. Central Expressway, 4th Floor
Dallas, Texas 75231
Attention: John C. Shackelford

And:

The Tax Credit Investor

If to the Issuer:

Austin Housing Finance Corporation
1000 East 11th Street, 2nd Floor

Austin, Texas 78702
Attention: Neighborhood Development
Program Manager

With copies to:

McCall Parkhurst & Horton LLP
717 North Harwood, Suite 900
Dallas, Texas 75201
Attention: Mark Malveaux

If to the Trustee:

BOKF, NA, as trustee
777 Main Street
Suite 3500
Fort Worth, Texas 76102
Attention: Corporate Trust Department

If to the Majority Owner:

At the address provided to the Trustee in writing
by the Majority Owner

If to the Controlling Person:

Red Stone A7 LLC
666 Old Country Road, Suite 603
Garden City, New York 11530
Attention: Kiki Mastorakis

With a copy to:

Greenberg Traurig, LLP
2700 Two Commerce Square
2001 Market Street
Philadelphia, Pennsylvania 19103
Attention: Dianne Coady Fisher

If to Tax Credit Investor:

[]
c/o Boston Capital Partners, Inc.
One Boston Place, 21st Floor
Boston, MA 02108
Attn: Asset Management – Elysium Grand

With a copy to:

Holland & Knight LLP
10 St. James Ave.
Boston, MA 02116
Attention: Doug Clapp, Esq.

If to the Special Limited Partner:

Attention: _____

With a copy to:

Attention: _____

The above parties may change the address to which notices to it are to be sent by written notice given to the other persons listed in this Section 10.1. All notices shall, when sent as aforesaid, be effective when received.

Section 10.2 Successors and Assigns; Third Party Beneficiaries. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, including, without limitation, the Trustee. The Controlling Person and the Majority Owner are express third party beneficiaries of this Agreement and the rights of the Trustee (as assignee of the Issuer) hereunder, with full rights of enforcement thereof. The Borrower may not assign its interests in or its rights, duties or obligations under this Agreement without the prior written consent of the Controlling Person. The Borrower and the Issuer intend that no person other than the parties hereto, the Majority Owner, the Controlling Person, and their respective successors and assigns as permitted hereunder, shall have any claim or interest under this Agreement or right of action hereon or hereunder.

Section 10.3 Survival of Covenants. All covenants made by the Borrower herein and in any document delivered pursuant hereto shall survive the issuance, delivery and sale of the Bonds, the delivery of this Agreement and the payment of any amounts under the Bond Documents.

Section 10.4 Counterparts; Electronic Signature. The execution hereof by each party hereto shall constitute a contract between them for the uses and purposes herein set forth, and this Agreement may be executed in any number of counterparts, with each executed counterpart constituting an original and all counterparts together constituting one agreement. To the fullest extent permitted by applicable law, facsimile or electronically transmitted signatures shall be treated as original signatures for all purposes hereunder.

Section 10.5 Costs, Expenses and Taxes. The Borrower agrees to pay on the Issue Date and thereafter within thirty (30) days after demand, all reasonable costs and expenses of the Issuer, the Trustee, the Controlling Person and the Majority Owner in connection with the preparation, execution, delivery and administration of this Agreement, the other Bond Documents and any other documents that may be delivered in connection with this Agreement or the other Bond Documents or any amendments or supplements thereto, including, without limitation, the fees and expenses of the Engineering Consultant, the cost of an annual appraisal (but only upon the occurrence and during the continuation of an Event of Default) of the Project Facilities by an appraiser selected by the Controlling Person, and the reasonable fees and expenses of counsel for the Majority Owner and the Controlling Person with respect thereto and with respect to advising the Majority Owner and the Controlling Person as to their respective rights and responsibilities under this Agreement, the other Bond Documents and such other documents, and all costs and expenses, if any, (including, without limitation, reasonable counsel fees and expenses of the Controlling Person and the Majority Owner) in connection with the enforcement of this Agreement, the other Bond Documents and such other documents.

Section 10.6 Severability; Interest Limitation. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction, it shall be ineffective as to such jurisdiction only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision as to such jurisdiction to the extent it is not prohibited or unenforceable, nor invalidate such provision in any other jurisdiction, nor invalidate the other provisions hereof, all of which shall be liberally construed in favor of the Issuer in order to effect the provisions of this Agreement. Notwithstanding anything to the contrary herein contained, the total liability of the Borrower for payment of interest pursuant hereto shall not exceed the maximum amount, if any, of such interest permitted by applicable Legal Requirements to be contracted for, charged or received, and if any payments by the Borrower to the Trustee include interest in excess of such a maximum amount, the Trustee shall apply such excess to the reduction of the unpaid principal amount due pursuant hereto, or if

none is due, such excess shall be refunded to the Borrower; provided that, to the extent permitted by applicable Legal Requirements, in the event the interest is not collected, is applied to principal or is refunded pursuant to this sentence and interest thereafter payable pursuant hereto shall be less than such maximum amount, then such interest thereafter so payable shall be increased up to such maximum amount to the extent necessary to recover the amount of interest, if any, theretofore uncollected, applied to principal or refunded pursuant to this sentence. Any such application or refund shall not cure or waive any Event of Default. In determining whether or not any interest payable under this Agreement exceeds the highest rate permitted by applicable Legal Requirements, any non-principal payment (except payments specifically stated in this Agreement to be "interest") shall be deemed, to the extent permitted by applicable Legal Requirements, to be an expense, fee, premium or penalty rather than interest.

Section 10.7 Conflicts. Insofar as possible the provisions of this Agreement shall be deemed complementary to the terms of the other Bond Documents, but in the event of conflict the terms hereof shall control to the extent such are enforceable under applicable Legal Requirements.

Section 10.8 Complete Agreement. Taken together with the other Bond Documents and the other instruments and documents delivered in compliance herewith, this Agreement is a complete memorandum of the agreement of the Borrower, the General Partner, the Guarantors, the Trustee, the Issuer, the Controlling Person and the Holders from time to time of the Bonds, with respect to the subject matter hereof.

Section 10.9 Consent to Jurisdiction; Venue; Waiver of Jury Trial. The parties hereby irrevocably (i) agree that any suit, action or other legal proceeding arising out of or relating to this Agreement or the other Bond Documents may be brought in any federal court located in Travis County, Texas and consents to the jurisdiction of such court in any such suit, action or proceeding; (ii) agree that any suit, action or other legal proceeding relating to the Bond Documents shall be brought solely in a federal or state court located in Travis County, Texas, and (ii) waive any objection which it may have to the laying of venue of any such suit, action or proceeding in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereby irrevocably consent to the service of any and all process in any such suit, action or proceeding by mailing of copies of such process to such party at its address provided under or pursuant to Section 10.1 hereof. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable legal requirements. All mailings under this Section 10.9 shall be by certified or registered mail, return receipt requested. Nothing in this Section 10.9 shall affect the right of the Controlling Person and the Majority Owner to serve legal process in any other manner permitted by applicable Legal Requirements. **THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING HEREUNDER OR UNDER THIS AGREEMENT, ANY OF THE OTHER BOND DOCUMENTS OR OTHERWISE IN CONNECTION HEREWITH.**

Section 10.10 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Legal Requirements of the State, without reference to its principles of conflicts of law.

Section 10.11 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 10.12 Sale of Bonds and Secondary Market Transaction.

(a) At the Controlling Person's request (to the extent not already required to be provided by the Borrower under this Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Controlling Person customarily adheres or which may be reasonably required

in the marketplace or by the Controlling Person in connection with one or more sales or assignments of all or a portion of the Bonds or participations therein or securitizations of single or multi-class securities (the "**Securities**") secured by or evidencing ownership interests in all or a portion of the Bonds (each such sale, assignment and/or securitization, a "**Secondary Market Transaction**"); provided that neither the Borrower nor the Issuer shall incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information or any opinion required in connection therewith, and all such costs including, without limitation, any costs associated with receiving a rating on the Bonds, shall be paid by the Controlling Person, and shall not materially modify Borrower's rights or obligations. Without limiting the generality of the foregoing, the Borrower and the Issuer, as applicable, shall, so long as the Loan is still outstanding:

(i) (1) provide reasonable financial and other information with respect to the Bonds, and with respect to the Project Facilities, the Borrower, the General Partner, the Guarantors, the Manager or the contractor of the Project Facilities, (2) provide financial statements, audited, if available, relating to the Project Facilities with customary disclaimers for any forward looking statements or lack of audit; and (3) at the expense of the Controlling Person, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports, termite and other insect infestation reports and other due diligence investigations of the Project Facilities, as may be reasonably requested from time to time by the Controlling Person or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Controlling Person pursuant to this paragraph (i) being called the "**Provided Information**"), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Controlling Person and the Rating Agencies;

(ii) make such representations and warranties as of the closing date of any Secondary Market Transaction with respect to the Project Facilities, the Borrower, the General Partner, the Guarantors and the Bond Documents reasonably acceptable to the Controlling Person, consistent with the facts covered by such representations and warranties as they exist on the date thereof; and

(iii) execute such amendments to the Bond Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the material economic terms of the Bond Documents and is not otherwise adverse to such party in its reasonable discretion.

(b) The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a "**Secondary Market Disclosure Document**"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised; the Borrower shall cooperate; subject to Section 9.12(c) hereof, with the Controlling Person in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrower and the Project Facilities necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information.

(c) In connection with a Secondary Market Disclosure Document, the Borrower shall provide, or in the case of a Borrower-engaged third party such as the Manager, cause it to provide,

information reasonably requested by the Controlling Person pertaining to the Borrower, the Project Facilities, the Ground Partner, the Guarantors or such third party (and portions of any other sections reasonably requested by the Controlling Person pertaining to the Borrower, the Project Facilities, the General Partner, the Guarantors or such third party). The Borrower shall, if requested by the Controlling Person, certify in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, the Project Facilities, the General Partner, the Guarantors or such third party, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project Facilities, the General Partner, the Guarantors or such third party) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such third parties. Furthermore, the Borrower hereby indemnifies the Controlling Person, the Majority Owner, the Trustee, the Issuer and the underwriter group initially underwriting the purchase of the Bonds (the "Underwriter Group") for any liabilities to which any such parties may become subject to the extent such liabilities arise out of or are based upon the use of the Provided Information in a Secondary Market Disclosure Document.

(d) In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) defend and indemnify the Controlling Person, the Majority Owner, the Trustee, the Issuer, its members, and the Underwriter Group for any liabilities to which the Controlling Person, the Majority Owner, the Trustee or the Underwriter Group may become subject insofar as such liabilities arise out of or are based upon the omission or alleged omission by the Borrower to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading, and (ii) reimburse the Controlling Person, the Majority Owner, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Controlling Person, the Majority Owner or the Underwriter Group in connection with defending or investigating the liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties.

(e) Promptly after receipt by an indemnified party under this Section 10.12 of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by Written Notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party under this Section 10.12 and provided that the Borrower duly provides the defense and indemnity herein described including payment of all required fees, expenses and liabilities, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior Written Consent of the Borrower.

(f) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section 10.12 is for any reason held to be unenforceable by

an indemnified party in respect of any liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under this Section 10.12, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

Section 10.13 Nonrecourse; Recourse Exceptions.

(a) Notwithstanding anything to the contrary contained in this Agreement (other than Sections 10.13(b) through (e) hereof) or the other Bond Documents, the Issuer agrees that, in connection with the exercise of any rights or remedies available to the Issuer under this Agreement or any of the other Bond Documents (other than the Environmental Indemnity), the Issuer shall look solely to the enforcement of the lien and security interests created by this Agreement and the other Bond Documents and to the collateral and other security held by the Trustee.

(b) Notwithstanding the preceding subsection, the Borrower, the General Partner and the Guarantors shall have full recourse and personal liability for, and be subject to, judgments and deficiency decrees arising from and to the extent of any loss or damage suffered or incurred by the Issuer, the Trustee, the Majority Owner, the Controlling Person or the Bondholders as a result of the occurrence of any of the following events:

(i) the Borrower fails to pay to the Trustee upon demand after an Event of Default all Rents to which the Trustee is entitled under Section 2 of the Mortgage and the amount of all security deposits collected by Borrower from tenants then in residence; provided, however, Borrower and Guarantor will not be personally liable for any failure described in this Section 10.13(b)(i) if Borrower is unable to pay to the Trustee all Rents and security deposits as required by the Mortgage because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding;

(ii) the Borrower fails to apply all insurance proceeds or casualty or condemnation proceeds as required by the Bond Documents; provided, however, Borrower and Guarantor will not be personally liable for any failure described in this Section 10.13(b)(ii) if Borrower is unable to apply insurance or casualty or condemnation proceeds as required by the Bond Documents because of a valid order issued in a bankruptcy, receivership, or similar judicial proceeding;

(iii) if an Event of Default has occurred and is continuing, the Borrower fails to deliver all books and records relating to the Mortgaged Property or its operation in accordance with the provisions of Section 6.8 or 6.9 of this Agreement;

(iv) the Borrower engages in any willful act of material waste of the Project Facilities;

(v) the Borrower or the General Partner fails to comply with any provision of Section 6.11(b) hereof;

(vi) the occurrence of any of the following transfers:

(A) any Person that is not an Affiliate creates a mechanic's lien or other involuntary lien or encumbrance against the Project Facilities and Borrower has not complied with the provisions of this Agreement;

(B) a transfer of property by devise, descent or operation of law occurs upon the death of a natural person in violation of the requirements set forth in the Bond Documents;

(C) the Borrower grants an easement that does not meet the requirements set forth in the Bond Documents;

(D) the Borrower executes a Lease that does not meet the requirements set forth in the Bond Documents;

(vii) any act of fraud or willful misconduct or any criminal act of the Borrower, the General Partner or the Guarantors;

(viii) the Borrower's misappropriation of funds or other Collateral; or

(ix) the Borrower fails to pay the fees and expenses pursuant to Section 2.2 hereof or the compensation of the Trustee pursuant to Section 7.2 of the Indenture.

(c) The Borrower, the General Partner and the Guarantors shall have full recourse and personal liability for all of the Indebtedness (and the limitation on liability in the first sentence of Section 10.13(a) hereof shall be null and void) as a result of the occurrence of any of the following:

(i) a violation of Section 6.11(a) or 6.13(c) hereof;

(ii) if none of the Borrower, the General Partner or any Guarantor cures within thirty (30) days after the giving to it by Controlling Person of written notice, failure to comply with Section 6.12(b) hereof;

(iii) the Borrower's taking any action which adversely affects the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes, or the Borrower's omitting or failing to take any action required to maintain the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes;

(iv) the Borrower or the General Partner fails to comply with any provision of Section 6.11(b) hereof and a court of competent jurisdiction holds or determines that such failure or combination of failures is the basis, in whole or in part, for the substantive consolidation of the assets and liabilities of the Borrower or the General Partner with the assets and liabilities of a debtor pursuant to Title 11 of the Bankruptcy Code;

(v) a transfer that is an Event of Default under Section 7.1 hereof occurs (other than a transfer described in Section 10.13(b)(vi)(B) above, for which Borrower will have personal liability for any loss or damage); provided, however, that Borrower will not have any personal liability for a transfer consisting solely of the involuntary removal or involuntary withdrawal of the General Partner;

(vi) there was fraud or written material misrepresentation by the Borrower or any officer, director, partner, member or employee of the Borrower in connection with the application for or creation of the Indebtedness or there is fraud in connection with any request for any action or consent by the Issuer, the Trustee, the Controlling Person or the Bondholders;

(vii) the Borrower or the General Partner voluntarily files for bankruptcy protection under the Bankruptcy Code;

(viii) the Borrower or the General Partner voluntarily becomes subject to any reorganization, receivership, insolvency proceeding, or other similar proceeding pursuant to any other federal or state law affecting debtor and creditor rights;

(ix) the Project Facilities or any part of the Project Facilities becomes an asset in a voluntary bankruptcy or becomes subject to any voluntary reorganization, receivership, insolvency proceeding, or other similar voluntary proceeding pursuant to any other federal or state law affecting debtor and creditor rights;

(x) an order of relief is entered against the Borrower or the General Partner pursuant to the Bankruptcy Code or other federal or state law affecting debtor and creditor rights in any involuntary bankruptcy proceeding initiated or joined in by a Related Party;

(xi) an involuntary bankruptcy or other involuntary insolvency proceeding is commenced against the Borrower or the General Partner (by a party other than the Trustee or the owner of any Bonds) but only if the Borrower or the General Partner, as applicable, has failed to use commercially reasonable efforts to dismiss such proceeding or has consented to such proceeding. "Commercially reasonable efforts" will not require any direct or indirect interest holders in the Borrower or the General Partner to contribute or cause the contribution of additional capital to the Borrower or the General Partner; or

(xii) the Borrower's or any Guarantor's actions delay or hinder the Trustee or Controlling Person in the appointment of a receiver or foreclosure following an Event of Default (excepting only the good faith assertion of applicable legal defenses).

(d) The Borrower and the Guarantor shall have full recourse and personal liability for actual damages as a result of all of the following:

(i) the performance of and compliance with all of Borrower's obligations under Sections 5.12 and 6.14 of this Agreement (relating to environmental matters) or the Borrower's failure to comply with the provisions of the Environmental Indemnity;

(ii) the costs of any audit under Section 6.8 of this Agreement; and

(iii) any costs and expenses incurred by the Issuer, the Trustee, the Majority Owner and Controlling Person in connection with the collection of any amount for which Borrower is personally liable under this Section 10.13, including attorneys' fees and costs and the costs of conducting any independent audit of Borrower's books and records to determine the amount for which Borrower has personal liability.

(e) Further, nothing contained in this Section 10.13 shall be deemed to limit, vary, modify or amend any obligation owed under any guaranty, master lease or indemnification agreement, including the Environmental Indemnity, furnished in connection with financing of the acquisition,

construction and equipping of the Project Facilities, recourse under which is not, by its terms, expressly limited in accordance with this Section 10.13.

Section 10.14 Publicity. The Borrower hereby authorizes the Controlling Person or the Majority Owner and their respective affiliates, without further notice or consent, to use the Borrower's and its affiliates' (other than the Tax Credit Investor and its affiliates, without their express written consent) name(s), logo(s) and photographs related to the Project Facilities in its advertising, marketing and communications materials on a national and/or international basis. Such materials may include web pages, print ads, direct mail and various types of brochures or marketing sheets, and various media formats other than those listed (including without limitation video or audio presentations through any media form). In these materials, the Controlling Person or the Majority Owner also may discuss at a high level the types of services and solutions the Controlling Person or the Majority Owner has provided the Borrower. This authorization shall remain in effect unless the Borrower notifies the Controlling Person in writing in accordance with the notice provisions set forth herein that such authorization is revoked. The Controlling Person or the Majority Owner shall also have the right to publicize its involvement in the financing of the Project Facilities, including the right to maintain a sign indicating such involvement at a location at the Project Facilities reasonably acceptable to the Borrower and the Controlling Person.

Section 10.15 Determinations by Controlling Person. Subject to specific provisions in this Agreement to the contrary, in any instance under this Agreement where the consent or approval of the Controlling Person may be given or is required, or where any determination, judgment or decision is to be rendered by the Controlling Person under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Controlling Person (or its designated representative) at its sole and absolute reasonable discretion.

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be duly executed and delivered on the day and year first above written.

AUSTIN HOUSING FINANCE CORPORATION

By: _____
Name:
Title:

**ELYSIUM GRAND, LP, a Texas limited
partnership**

**By: Elysium Grand GP, LLC, a Texas limited
liability company, its general partner**

By: _____

Name:

Title:

**EXHIBIT A
FORM OF PROMISSORY NOTE**

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

[\$_____]

September __, 2018

FOR VALUE RECEIVED, ELYSIUM GRAND, LP, a limited partnership duly formed and validly existing under the laws of the State of Texas (the "Borrower"), by this promissory note hereby promises to pay to the order of the AUSTIN HOUSING FINANCE CORPORATION (the "Issuer") the principal sum of [_____ and no/100 Dollars (\$_____)], together with interest on the unpaid principal amount hereof, from the Issue Date (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the rate of interest borne by the Bonds (as hereinafter defined), and premium, if any, on the Bonds. All such payments of principal, interest and premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the principal corporate trust office of BOKF, NA, as trustee (together with any successor trustee under the indenture (as defined below) and their respective successors and assigns, the "Trustee"), in Fort Worth, Texas, or such other office as the Trustee may designate.

The principal amount and interest shall be payable on the dates and in the amounts set forth on Schedule 3 of the Agreement (as hereinafter defined) and on such other dates, that principal and redemption price of, and interest on the Bonds, and the premium, if any, are payable, subject to prepayment as provided in the Indenture and the Agreement.

This promissory note is the "Note" attached as Exhibit A to the Loan Agreement, dated as of September 1, 2018 (as the same may be amended, modified or supplemented from time to time, the "Agreement"), between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture of Trust, dated as of September 1, 2018 (as the same may be amended, modified or supplemented from time to time, the "Indenture"), by and between the Issuer and the Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of [\$10,000,000] in original aggregate principal amount of the Issuer's Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018A (the "Tax-Exempt Bonds") and [\$_____] in original aggregate principal amount of the Issuer's Taxable Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018B (the "Taxable Bonds" and together with the Tax-Exempt Bonds, the "Bonds"), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the Bonds are hereby incorporated as a part of this Note.

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Agreement.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of an Event of Default on this Note, as set forth in the Agreement.

This Note shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to conflict of laws principles.

All agreements between Borrower and Issuer, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency or event whatsoever, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to Issuer exceed interest computed at the Maximum Rate (as defined below). If, from any circumstance whatsoever, interest would otherwise be payable to Issuer in excess of interest computed at the Maximum Rate, the interest payable to Issuer shall be reduced to interest computed at the Maximum Rate; and if from any circumstance Issuer shall ever receive anything of value deemed interest by applicable law in excess of interest computed at the Maximum Rate, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Borrower. All interest paid or agreed to be paid to Issuer shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed interest computed at the Maximum Rate. This section shall control all agreements between Borrower and Issuer, and any successive holder of this Note. The term "Maximum Rate" shall mean the highest lawful rate of interest applicable to the loan transaction evidenced by this Note taking into account whichever of applicable federal law or Texas law permits the higher rate of interest, and after also taking into consideration all compensation deemed interest under applicable law.

ELYSIUM GRAND, LP, a Texas limited partnership

By: Elysium Grand GP, LLC, a Texas limited liability company, its general partner

By: _____
Name:
Title:

ENDORSEMENT

Pay to the order of BOKF, NA, without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for the Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**AUSTIN HOUSING FINANCE
CORPORATION**

By: _____

Name:

Title:

Dated: September __, 2018

EXHIBIT B
LEGAL DESCRIPTION OF PROPERTY

EXHIBIT C
MOLD/MILDEW ADDENDUM

This Mold and Mildew Addendum (the "Addendum") dated _____, 20__ is attached to and made a part of the lease dated _____, 20__ (the "Lease") by and between Elysium Grand, LP ("Lessor") and _____ ("Resident") for unit number _____ (the "Unit") in Elysium Apartments.

Resident acknowledges that it is necessary for Resident to provide appropriate climate control, keep the Unit clean, and take other measures to retard and prevent mold and mildew from accumulating in the Unit. Resident agrees to clean and dust the Unit on a regular basis and to remove visible moisture accumulation on windows, walls and other surfaces as soon as reasonably possible. Resident agrees not to block or cover any of the heating, ventilation or air- conditioning ducts in the Unit. Resident also agrees to immediately report to the management office: (i) any evidence of a water leak or excessive moisture in the Unit, as well as in any storage room, garage or other common area; (ii) any evidence of mold- or mildew-like growth that cannot be removed by simply applying a common household cleaner and wiping the area; (iii) any failure or malfunction in the heating, ventilation or air conditioning system in the Unit; and (iv) any inoperable doors or windows. Resident further agrees that Resident shall be responsible for damage to the Unit and Resident's property as well as personal injury to Resident and Occupants resulting from Resident's failure to comply with the terms of this Addendum.

A default under the terms of this Addendum shall be deemed a material default under the terms of the Lease, and Lessor shall be entitled to exercise all rights and remedies at law or in equity. Except as specifically stated herein, all other terms and conditions of the Lease shall remain unchanged. In the event of any conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control. Any term that is capitalized but not defined in this Addendum that is capitalized and defined in the Lease shall have the same meaning for purposes of this Addendum as it has for purposes of the Lease.

Resident or Residents:
(all Residents must sign here)

Lessor:

Resident's Signature

ELYSIUM GRAND, LP, a Texas limited partnership

By: Elysium Grand GP, LLC, a Texas limited liability company, its general partner

Resident's Name

By: _____
Name:
Title:

Resident's Unit No.

Resident's Signature

Resident's Name

EXHIBIT D
SCHEDULE OF SERVICING FEES

	Transaction Type	
DISBURSEMENTS		
	Disbursements	\$0
	NSF Fees	\$150
	Two-Party Checks	\$150
EASEMENTS, CONDEMNATION & CASUALTY		
	Collateral Substitution	\$2,500 + Legal
	Condemnation	\$4,000 + Legal
	Easement	\$3,000 + Legal
LEASES & SNDA's		
	Leasing Consents	\$2,500 + Legal if necessary
	Leasing Consents- Ex Post Facto	\$2,500 + Legal if necessary
	Leasing Consents w/ Negotiated SNDA	\$2,500 + Legal if necessary
	Negotiated SNDA/Estoppel (w/o Lease Consent)	\$750 + Legal
	RS Standard SNDA- No Changes to Form	\$750 + Legal
MODIFICATIONS		
	Assignments	\$5,000 Non-Refundable Review Fee + 1% Transfer Fee at closing or as stipulated in Loan Documents + Legal
	Stabilization or other timing Extensions	\$3,000 + Legal
	Forbearance	Negotiated
	Modifications and Amendments to Existing Loan Documents	\$3,000 + Legal
OTHER		
	Defeasance	Negotiated
	Other Credit Action	Negotiated
	Property Management Change	\$1,000
	Annual Fee	\$1,000
	Secondary/Subordinate Debt	\$5,000 + Legal
	Special Asset Management	\$1,500 per site visit + Travel
PAYOFFS & RELEASES		
	Letter of Credit Actions	Negotiated
	Partial Property/Collateral Release	\$3,000 + Legal
	Payoff Preparation	\$750 + Legal
TRANSFERS		
	Assumption / Transfer of Beneficial Interest (Change in control)	\$5,000 Non-Refundable Review Fee + 1% Transfer Fee at closing or as stipulated in Loan Documents
	Transfer of Beneficial Interest/ Partnership Change	\$5,000 + Legal

**EXHIBIT E
FORM OF REQUISITION**

BORROWER:

PROJECT :

REQUISITION NO.: _____

In the Amount of \$ _____

TO:

_____, as trustee

Attention: _____

Red Stone A7 LLC, as Controlling Person
666 Old Country Road, Suite 603
Garden City, New York 11530
Attention: Kiki Mastorakis

1. The Borrower hereby requests payments in the following amounts, from the following sources and to be made to the following parties, all as set forth on the Borrower's Request for Payment attached to this Requisition:

Amount

Source

Payable to:

[identify name of Account &
Fund]

[Borrower's account #]
[third party payment/wire
instructions must be attached]

Requisition - Contents and Attachments

- ☐ Borrower's Representations and Warranties
- ☐ Contractor's Application and Certification for Payment (AIA Form G-702)
- ☐ Requisitions and Invoices Supporting Application
- ☐ Contractor's Requisition Certificate
- ☐ Architect's Requisition Certificate
- ☐ Borrower's Request for Payment
- ☐ Lien Waivers

Representations and Warranties

1. No changes have been made in the Plans and Specifications which require and have not received the prior approval of (i) the Controlling Person under the terms of the Loan Agreement dated as of _____, 20__ (the "Agreement"), (ii) any Governmental Authority having jurisdiction over the Project, Facilities or (iii) any other parties from whom such approval is required.
2. [Construction/Renovation] of the Improvements has been performed in accordance with the Plans and Specifications (other than any changes that did not constitute Material Change Orders).
3. As of the date hereof, the Borrower has executed change orders (increasing/decreasing) the cost of [construction/renovation] of the Improvements by \$ _____ in the aggregate, has notified the Engineering Consultant of such changes and, to the extent necessary, has received any and all necessary approvals from the Controlling Person.
4. Funding of this Requisition shall be in accordance with the terms and provisions of the (i) Agreement, and (ii) the Indenture of Trust dated as of _____, 20__, with respect to the Bonds.
5. All money requisitioned by the Borrower for [construction/renovation] of the Improvements and disbursed by the Trustee under previously approved requisitions have been paid to the Contractor and, to the Borrower's best knowledge, all subcontractors, vendors and suppliers; all other funds requisitioned by the Borrower and disbursed by the Trustee under previously approved requisitions have been expended for the purpose for which they were requisitioned.
6. All of the information submitted to the Controlling Person and the Trustee in connection with this Requisition is true and accurate in all material respects as of the date of submission.
7. The representations and warranties set forth in the Bond Documents are true and correct in all material respects as of the date hereof with the same effect as if made on this date.
8. The Borrower represents and warrants that (i) there has occurred no Event of Default or event which, with the passage of time or the giving or notice or both, would constitute an Event of Default on the part of the Borrower or the Guarantor under the terms of the Bond Documents, (ii) except as previously disclosed by the Borrower to the Controlling Person, the Borrower has not received notice from or been informed by any Governmental Authority or the Engineering Consultant of any alleged deficiencies in the work performed to date or any deviation of such work from Plans and Specifications or notice of any assertion of a claim that the Improvements are not been [constructed/renovated] in accordance with all applicable Legal Requirements, (iii) with the exception of any Permitted Liens and those being contested by the Borrower in accordance with the terms of the Bond Documents, there are no liens against any portion of the Project Facilities or any other asset of the Borrower, and (iv) the Bond Documents are in full force and effect.
9. The Borrower represents and warrants that this Requisition is in the form of requisition required by the Controlling Person.
10. The Borrower represents and warrants that, following payment of the amounts requested under this Requisition, not less than 95% of amounts paid from proceeds of the Bonds have been applied to the payment of Qualified Project Costs.

11. Attached hereto are electronic copies of lien waivers from all such Principal Subcontractors requisitioning payment under this Requisition, the originals of which have been delivered to the Title Insurance Company.

12. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto under the Loan Agreement.

Executed this ____ day of ____, 20__.

[BORROWER], a _____

By: _____, a _____, its

By: _____
Name: _____
Title: _____

Approved:

RED STONE A7 LLC, as Controlling Person

By: _____
Name: _____
Title: _____
Dated: _____, 20__

Contractor's Application for Payment

Requisitions and Invoices

Contractor's Requisition Certificate

Application for Payment No. _____

TO: _____ ("Trustee")
Red Stone A7 LLC ("Controlling Person")

FROM: _____ ("Contractor")

RE: [Construction/Renovation] of _____ (the "Project Facilities")
by _____
("Borrower").

We are the general contractor for the Project Facilities and, to induce the Controlling Person to approve disbursements of Bond proceeds and other amounts by the Trustee to assist in funding [construction/renovation] of the Improvements and knowing that the Trustee and the Controlling Person will rely on this certificate in doing so, we hereby certify as follows:

1. In reference to our contract dated _____, 20__, with Borrower for [construction/renovation] of the Improvements, and the Plans and Specifications therefor, no material amendments, modifications or changes have been made with respect to our contract or the Plans and Specifications except such as have had your prior written approval. There are no pending change orders except as follows:

2. Our Application for Payment No. _____, dated _____, 20__, which we understand is to be included as an item in the Borrower's requisition to you, is in full compliance with the terms of our contract with Borrower, and, upon the payment of same, we will have no other or additional claim (including claims for so-called "extras") against Borrower on account of our contract or otherwise for and through the period of time ending upon the date of our Application for Payment, for all labor and materials furnished by us through and including the date of our Application for Payment except as follows:

a. Retainage not exceeding __% of the value of labor and materials incorporated into the Project Facilities and covered by applications submitted by us on account of the [construction/renovation] of the Improvements for which payment is to be made to us after substantial completion of our contract, as provided therein (the amount of said retainage), as of the end of the period covered by our Application for Payment dated _____, 20__, is \$ _____); and

b. [specify other claims, if any]

3. The Borrower is not in default of any of the Borrower's obligations to us as of the date hereof except as follows:

4. We have paid in full all our obligations to subcontractors, workmen, suppliers and materialmen for and with respect to all labor and materials supplied through and including the date of our last Application for Payment, except for an amount equal to __% thereof, which we are holding in accordance with the terms of such obligations and our contract, and all our subcontractors have paid their subcontractors, workmen and materialmen in full for and with respect to all labor and materials supplied through and including the date of our last Application for Payment.

5. To the fullest extent allowed by law, we waive and release any and all rights to claim any lien for labor done or materials furnished up to an amount equal to the amount of our Application for Payment dated _____, 20__ plus the amount of all our previously funded applications.

Executed as an instrument under seal this _____ day of _____, 20__.

[CONTRACTOR]

By: _____

Name:

Title:

Architect's Requisition Certificate

Application for Payment No. _____

TO: _____ ("Trustee")

Red Stone A7 LLC ("Controlling Person")

FROM: _____ ("Architect")

RE: [Construction/Renovation] of _____ (the "Project Facilities") by
_____ ("Borrower")

We are the architect for the Project Facilities and, to induce the Controlling Person to approve disbursements of Bond proceeds and other amounts by the Trustee to assist in funding [construction/renovation] of the Improvements, and knowing that the Controlling Person will rely on this certificate in doing so, we hereby certify as follows:

1. We inspected the Project Facilities on _____, 20__ and found the status of Work at the Project Facilities on that date and the progress made on the Project Facilities since our last certificate to you dated _____, 20__ to be as follows:
2. We delivered the Plans and Specifications for the Project Facilities, copies of which have been delivered to you (the "Plans and Specifications"). We have made no material changes to the Plans and Specifications except as you have approved in writing.
3. All Work to date has been done in accordance with the Plans and Specifications and in a good and workmanlike manner. All materials and fixtures usually furnished and installed or stored on site or offsite at the current stage of [construction/renovation] have been furnished, installed or stored on site. All of the Work to date is hereby approved except as follows:
4. We have examined the requisition being submitted herewith to you by Borrower, which requisition includes an Application for Payment from [_____] ("Contractor") respecting [construction/renovation] of the Improvements. The payment so applied for by Contractor does not exceed (when added to the payments heretofore applied for by and paid to Contractor) __% of the value of labor and materials incorporated into the Improvements.
5. We have been advised that as of this date there remains unexpended funds of \$_____ which are available to fund [construction/renovation] costs, from which funds to pay the aforementioned Application for Payment will be deducted. In our opinion, such unexpended funds, after deduction of funds sufficient to cover both the current Application for Payment and the applicable retainage heretofore withheld and to become due on account of previous Applications, will be sufficient to pay for all [construction/renovation] costs reasonably required to complete the Work, provided that the amount advanced under the current application is, in fact, applied against obligations incurred for labor and materials heretofore furnished on account of [construction/renovation] of the Improvements.

6. All permits, licenses, approvals and the like required to complete [construction/renovation] of the Improvements have been validly issued by the appropriate authorities and are in full force and effect, and there is no violation of any of the provisions thereof or of any Legal Requirements applicable to the Project Facilities of which we have notice or knowledge as of the date hereof except as follows:
7. To the best of our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid any laws, ordinances, regulations, permits, licenses or approvals for or relating to the Project Facilities.
8. No amendments, modifications or changes have been made to our contract dated _____, 20__ with the Borrower except such as have had your prior written approval.
9. The Borrower is not in default of any of the Borrower's obligations to us as of the date hereof except as follows:

This certificate is rendered based on our examination of the Project Facilities, the Plans and Specifications, the data comprising the Application for Payment and all other matters which we deem relevant. We are to incur no liability under this certificate except for failure to exercise due professional skill and diligence.

Executed as a sealed instrument this _____ day of _____, 20__.

[ARCHITECT]

By: _____

Name:

Title:

Borrower's Request for Payment

[attach spreadsheets in form provided by Red Stone]

Lien Waivers

SCHEDULE 1
SCHEDULE OF LITIGATION

SCHEDULE 2
SCHEDULE OF OBLIGATIONS AND MATERIAL CONTRACTS

1. Bond Documents
2. Amended and Restated Agreement of Limited Partnership of the Borrower
3. Development Agreement
4. Management Agreement
5. Construction Contract
6. Architect's Agreement
7. Subordinate Debt Documents
8. Engineer's Agreement
9. VASH Contract

SCHEDULE 3
SCHEDULE OF DEBT SERVICE PAYMENTS FOR BONDS/NOTE

SCHEDULE 4
DEVELOPMENT BUDGET

SCHEDULE 5
PLANS AND SPECIFICATION

SCHEDULE 6
SCHEDULE OF CONSTRUCTION PERMITS AND APPROVALS

SCHEDULE 7
UNWRITTEN ANNUAL EXPENSES

**SCHEDULE 8
FORM OF COMPLETION CERTIFICATE**

_____, 20__

BOKF, NA, as trustee
801 Cherry Street, Suite 3325
Unit 27
Fort Worth, Texas 76102
Attention: Corporate Trust Department

Red Stone A7 LLC, as Controlling Person
666 Old Country Road, Suite 603
Garden City, New York 11530
Attention: Kiki Mastorakis

Re: Elysium Apartments (the "Project Facilities")

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities, hereby certifies to [Name of Trustee], as trustee (the "Trustee"), and Red Stone A7 LLC, as Controlling Person that "Final Completion" of the Project Facilities (as defined in Indenture of Trust dated as of September 1, 2018 (the "Indenture") by and between the Trustee and the Issuer) has been attained as of the date hereof. Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Indenture.

The undersigned hereby represents and warrants that:

1. Attached hereto is an original, executed Architect's certificate as required by clause (iv) of the definition of "Final Completion" contained in the Indenture.
2. Attached hereto are true, complete and correct copies of all use and occupancy permits issued in connection with the Project Facilities (the "Permits") as referenced in clause (ii) of the definition of "Final Completion" contained in the Indenture. To our knowledge, the Permits are all of the permits, licenses or approvals required for the occupancy of the Project Facilities as a multifamily residential facility. To our knowledge, no appeal, action or proceeding challenging any of the Permits has been filed; there is no pending claim, litigation or governmental proceeding challenging the Permits.
3. Attached hereto is a complete schedule of all Punchlist Items referenced in clause (ii) of the definition of "Final Completion" contained in the Indenture. This schedule of Punchlist Items meets the requirements and limitations set forth in the definition of "Final Completion" for Punchlist Items. The undersigned will promptly complete all Punchlist Items.
4. Attached are lien waivers required by clause (vii) of the definition of "Final Completion" contained in the Indenture.

5. Attached hereto are endorsements to the Title Policy insuring the Mortgage in favor of the Trustee, subject only to Permitted Encumbrances, and access endorsements to such title policies, as required by clause (ix) of the definition of "Final Completion" contained in the Indenture.

6. Attached hereto is an as-built ALTA/NSP Urban Class Survey, certified to the Trustee and the Controlling Person and meeting the requirements of clause (ix) of the definition of "Final Completion" contained in the Indenture.

7. Attached hereto is evidence of insurance meeting the requirements of Section 6.4 of the Loan Agreement.

8. Attached hereto is evidence of payment of all Impositions which are due and payable.

ELYSIUM GRAND, LP, a Texas limited partnership

By: Elysium Grand GP, LLC, a Texas limited liability company, its general partner

By: _____
Name:
Title:

Accepted and agreed to by:

RED STONE A7 LLC,
as Controlling Person

By: _____
Name:
Title:

Schedule of Attachments to Completion Certificate

Architect's Completion Certificate

Occupancy Permits

Schedule of Punchlist Items

Lien Waivers

Endorsements to Title Policies

As-Built Survey

Insurance Certificates

Evidence of Payment of Impositions

SCHEDULE 9
FORM OF USE OF PROCEEDS CERTIFICATE

_____, 20__

BOKF, NA, as trustee
801 Cherry Street, Suite 3325
Unit 27
Fort Worth, Texas 76102
Attention: Corporate Trust Department

Red Stone A7 LLC, as Controlling Person
666 Old Country Road, Suite 603
Garden City, New York 11530
Attention: Kiki Mastorakis

Re: Elysium Apartments (the "Project Facilities")

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities hereby certifies to BOKF, NA, as trustee (the "Trustee"), and Red Stone A7 LLC, as Controlling Person, that no less than 95% of the Net Proceeds of the Tax-Exempt Bonds has been spent for Qualified Project Costs of the Project Facilities as required by Section 142(a) of the Internal Revenue Code. Attached hereto is a schedule of expenditures showing all costs of the Project Facilities, the amounts expended for each category of cost, the source of funds therefor, and a calculation of the percentage of the net proceeds of the Tax-Exempt Bonds expended in compliance with the requirements of the Internal Revenue Code. Capitalized terms used herein and not defined shall have the meanings ascribed to such terms in the Indenture of Trust dated as of September 1, 2018 between the Trustee and the Austin Housing Finance Corporation.

WITNESS WHEREOF, the undersigned has duly executed this Use of Proceeds Compliance Certificate as of the day and year first above written.

ELYSIUM GRAND, LP, a Texas limited partnership

By: Elysium Grand GP, LLC, a Texas limited liability company, its general partner

By: _____

Name:

Title:

Schedule of Attachments to Use of Proceeds Compliance Certificate

Evidence of Use of Proceeds

**SCHEDULE 10
FORM OF STABILIZATION CERTIFICATE**

_____, 20__

BOKF, NA, as trustee
801 Cherry Street, Suite 3325
Unit 27
Fort Worth, Texas 76102
Attention: Corporate Trust Department

Red Stone A7 LLC, as Controlling Person
666 Old Country Road, Suite 603
Garden City, New York 11530
Attention: Kiki Mastorakis

Re: Elysium Apartments (the "Project Facilities")

Ladies and Gentlemen:

The undersigned, being the owner of the Project Facilities, hereby certifies to BOKF, NA, as trustee (the "Trustee"), and Red Stone A7 LLC, as Controlling Person, as follows:

1. The date of Final Completion was _____, 20__;
2. The Improvements have been 90% occupied by qualified tenants meeting the requirements of the Bond Documents for the prior three (3) consecutive months.
3. The ratio of Stabilized NOI for the prior three (3) consecutive months to maximum principal, interest, Issuer fees and Trustee fees payable in any month (other than the month in which the Maturity Date occurs) on the amount of Bonds Outstanding is _____ to 1.0.
4. No Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default shall have occurred and be continuing under the Bond Documents.
5. The Borrower has deposited an amount equal to [\$509,067] in the Operating Reserve Fund as required by Section 8.4(a) of Loan Agreement.
6. The Borrower has at all times been and is currently in compliance with all requirements set forth in the Regulatory and Land Use Restriction Agreement.
7. The Borrower has deposited [\$_____] into the Tax and Insurance Escrow Fund, as required by Section 8.2(a) of the Loan Agreement, and [\$_____] into the Replacement Reserve Fund, as required by Section 8.1 of the Loan Agreement, and has paid the Stabilization fee owing under Section 2.3(f) of the Loan Agreement.

8. Stabilization [has/has not] occurred.
9. Attached hereto is _____ showing the calculation of Stabilization.

Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Indenture of Trust dated as of September 1, 2018 between the Trustee and the Austin Housing Finance Corporation.

ELYSIUM GRAND, LP, a Texas limited partnership

By: Elysium Grand GP, LLC, a Texas limited liability company, its general partner

By: _____
Name: _____
Title: _____

Accepted and agreed to by:

RED STONE A7 LLC,
as Controlling Person

By: _____
Name: _____
Title: _____

Stabilization Spreadsheet

SCHEDULE 11

INITIAL INSURANCE REQUIREMENTS

- The Project Facilities must be continuously covered by acceptable property insurance policies meeting the minimum requirements described below. This is a general outline of the insurance coverage's required by the Controlling Person, additional coverage may be required at the Controlling Person's discretion.

- The named insured in each policy must be the Borrower.

- All policies must be written on a per occurrence basis except for boiler and machinery which may be written on a per-accident basis. Each policy must have a cancellation provision requiring the carrier to notify the Trustee and the Controlling Person at least 30 days in advance of any policy reduction or cancellation for any reason.

- Use of an Acord form 28, 27 or other form are acceptable as temporary evidence of coverage provided the form states "This is evidence that insurance as identified below has been issued, is in force, and conveys all the rights and privileges afforded under the policy" and uses a cancellation clause section "Should the policy be terminated, the company will give the additional interest identified below 30 days written notice, and will send notification of any changes to the policy that would affect that interest, in accordance with the policy provisions or as required by law" Use of an Acord form stating "...matter of information only..." and "...the issuing insurer will endeavor to mail notice..." are unacceptable.

- Blanket Insurance policies are acceptable but must comply with certain requirements. Please see the Blanket Insurance section for details on page S13-15.

- Terrorism coverage is required for property and general liability and excess/umbrella coverage unless the Controlling Person grants prior written waiver and must meet the same requirements under the property, general liability and excess/umbrella coverage requirements provided in the sections following.

- Each Policy must be for a term of not less than one year. All existing or new policies must be paid in full and cannot be financed.

SCHEDULE 12
[RENT ROLL]

.....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,

BOKF, NA,
as Trustee,

and

ELYSIUM GRAND, LP
as Owner

Dated as of November 1, 2018

Relating to

\$10,000,000
AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(ELYSIUM APARTMENTS)
SERIES 2018A

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REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (as the same may be amended, modified or supplemented, this "Agreement" or this "Regulatory Agreement") dated as of November 1, 2018, among the Austin Housing Finance Corporation, a public non-profit housing finance corporation organized and existing under the laws of the State of Texas (together with its successors and assigns, the "Issuer"), BOKF, NA, a national banking association organized and existing under the laws of the United States of America, as trustee (together with any successor or trustee under the Indenture (as defined below) and their respective successors and assigns, the "Trustee"), under the hereinafter-defined Indenture, and Elysium Grand, LP, a limited partnership organized and existing under the laws of the State of Texas (together with its permitted successors and assigns, the "Owner"),

WITNESSETH:

WHEREAS, pursuant to the Act (as hereinafter defined), the Issuer is authorized to issue its revenue bonds and to loan the proceeds thereof to finance the acquisition, construction and equipping of residential rental housing for persons of low and moderate income; and

WHEREAS, the Owner has requested the assistance of the Issuer in financing a multifamily residential affordable housing project located on the real property described in Exhibit A hereto (the "Project Site") and described in Exhibit B hereto (the "Project Facilities" 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 its Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018A in the original aggregate principal amount of \$10,000,000 (the "Bonds"), and making a loan to the Owner of proceeds of the Bonds, upon the terms and conditions set forth in the Loan Agreement (as hereinafter defined);

WHEREAS, in order for interest on the Bonds to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and the federal income tax regulations (including temporary, proposed and final regulations) and rulings with respect to the Code, and in order to comply with the requirements of the Act, relating to the Bonds, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the Issuer, the Trustee and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, leasing, 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, and intending to be legally bound hereby, the Issuer, the Trustee and the Owner hereby agree as follows:

Section 1. Definitions and Interpretation. (a) 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).

"Agreement" or "Regulatory Agreement" means this Regulatory and Land Use Restriction Agreement, as it may be amended, modified or supplemented 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 affordable housing program compliance report to be filed by the Owner with the Issuer, the Trustee and the Controlling Person Representative pursuant to Section 4(b)(iv) hereof and the Loan Agreement with respect to the Project, in substantially the form attached hereto as Exhibit D, or in such other form as the Issuer may reasonably prescribe.

"Computation Date" means each Installment Computation Date and the Final Computation Date.

"Controlling Person" has the meaning set forth in the Indenture.

"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 [___%] of median family income.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel, addressed to the Issuer, the Trustee, the Majority Owner and the Controlling Person, to the effect that the action to be taken is permitted under the Indenture will not adversely affect the excludability of interest on the Bonds from gross income for federal income 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 Indenture of Trust of even date herewith by and between the Issuer and the Trustee, and any indenture supplemental thereto.

"Inducement Date" means ____, 2018.

"Installment Computation Date" means the last day of each fifth year, commencing [____], 2023; 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 Loan Agreement.

"Loan Agreement" means the Loan Agreement of even date herewith between the Issuer and the Owner, as amended, modified, supplemented or restated from time to time in accordance with 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.

"Majority Owner" has the meaning set forth in the Indenture.

"Median Gross Income for the Area" means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of Housing and Urban Development, under Section 8 of the United States Housing Act of 1937, as amended (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size.

"Net Proceeds" means any Net Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"Net Sale Proceeds" means the Sale Proceeds of the Bonds less any such proceeds deposited into a Reasonably Required Reserve or Replacement Fund under section 148(d) of the Code.

"Nonpurpose Investments" means any "investment property," within the meaning of section 148(b) of the Code, acquired with the Gross Proceeds of the Bonds.

"Owner Representative" means any Person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer, the Trustee and the Controlling Person 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 Issuer 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 of 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 affordable housing complex described 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 3 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 15 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 by the Issuer from the sale 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 6-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.

"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.

(b) 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.

(c) 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 1. Acquisition, Construction and Equipping of Project. The Owner hereby represents, as of the date hereof, covenants and agrees as follows;

(a) The Owner has incurred, or will incur within 6 months after the Closing Date, a substantial binding obligation to commence the construction of Project Facilities, pursuant to which the Owner is or will be obligated to expend at least 5 % of the Sale Proceeds of the Bonds.

(b) The Owner's reasonable expectations respecting the total cost of the acquisition of the leasehold interest in the Project Site and, construction and equipping of the Project Facilities are accurately set forth in the Tax Certificate and any attachments thereto.

(c) The Owner has commenced or will commence the acquisition, construction and equipping of the Project and will proceed with due diligence to complete the same.

(d) The Owner reasonably expects to expend not less than 85 % of the Sale Proceeds of the Bonds for Project Costs prior to the date that is 3 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 Project Fund, if any, held by the Trustee under the Indenture, a Requisition in substantially the form required by the reimbursement documents, duly executed by an Owner Representative, approved by the Controlling Person 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 Project Fund will have been applied to pay or to reimburse the Owner for the payment of Qualified Project Costs in an amount equal to 95% or more of the aggregate disbursements from such fund.

(g) The Owner (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the Proceeds of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Loan Agreement or this Regulatory Agreement. The Owner acknowledges that such requirements have been designed for the purpose of ensuring compliance with the provisions of the Act or the Code applicable to the Owner and the Project.

Section 2. Tax-Exempt Status of the Bonds. The Owner shall not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from the gross income (as defined in section 61 of the Code) of the holders of the Bonds 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, Trustee, the Majority Owner and the Controlling Person 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% 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) Less than 25% of the Net Proceeds of the Bonds actually expended will be used, directly or indirectly, for the acquisition of land or an interest therein. Notwithstanding the immediately preceding sentence no portion of the Net Proceeds of the Bonds will be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

(iii) No portion of the Net Proceeds of the Bonds will be used for the acquisition of any existing property or an interest therein unless (i) the first use of such property is pursuant to such acquisition or (ii) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15% of the cost of acquiring such building financed with the proceeds of the Bonds (with respect to structures other than buildings, this clause shall be applied by substituting 100% for 15%). For purposes of the preceding sentence, the term "rehabilitation expenditures" shall have the meaning set forth in section 147(d)(3) of the Code.

(iv) The Owner covenants and agrees that the Costs of Issuance financed with the proceeds of the Bonds shall not exceed 2% of the Sale Proceeds.

(v) The Owner shall not use or permit the use of any Net Proceeds of the Bonds or any income from the investment thereof to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(b) The Owner shall not take any action or omit to take any action with respect to the Gross Proceeds of the Bonds which, if taken or omitted, respectively, would cause any Bond to be classified as an "arbitrage bond" within the meaning of section 148 of the Code.

(c) Except as provided in the Indenture and the Loan Agreement, the Owner shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Loan Agreement relating to the Bonds, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of Bonds, unless prior to taking any action described in this subsection (c), the Owner has obtained and delivered to the Trustee, the Majority Owner and the Controlling Person a Favorable Opinion of Bond Counsel with respect to such proposed action.

(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.

(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 to the Issuer, the Trustee, the Majority Owner and the Controlling Person a Favorable Opinion of Bond Counsel that the Owner does not need to comply with this Section 2(f), the Owner shall cause to be delivered, to the Trustee (with a copy to the Controlling Person), within 25 days after each Computation Date:

(A) a statement of the Rebate Amount, if any, 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) if a Rebate amount is due, 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 in writing to the Trustee (with 2 copies to the Controlling Person) 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 2(f)(ii) and the Indenture has not been paid as required; or

(B) that any payment paid to the United States pursuant to this Section 2(f)(ii) and 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% penalty required by the Regulations; and

(Y) deliver to the Trustee (with 2 copies to the Controlling Person) 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 2(f) for at least 6 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 in connection with computing the Rebate Amount.

(g) The Owner covenants and agrees that not more than 50% 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% of the spendable Proceeds of the Bonds will be used to carry out the governmental purposes of such issue of Bonds within the 3-year period beginning on the Closing Date.

(h) The Owner hereby covenants and agrees that 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 Facilities qualify as "qualified residential rental project" 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 Facilities 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 Facilities 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 Facilities 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 Facilities 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 5 Units be occupied by the Owner;

(vii) At no time during the term specified above will any of the Units in the Project Facilities be utilized on a transient basis by being leased or rented for a period of less than 30 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.

(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. 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 for each Low-Income Tenant.

(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 the Set Aside, 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 2(i); 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) and this Section 2(i) shall continue in effect until the termination of the Qualified Project Period.

(j) The Owner further agrees to submit to the Trustee, with a copy to the Controlling Person, 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 agrees to submit to the Trustee, with a copy to the Controlling Person, a certificate certifying (i) within 90 days thereof, the date on which 10% of the Units in the Project are first occupied; and (ii) within 90 days thereof, the date on which 50% of the Units in each Project are first 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, with the prior written consent of the Controlling Person, hereby agree upon the written request of one of the parties hereto, to amend this Agreement and, if appropriate, the Indenture and the Loan Agreement, to the extent required, in the written opinion of Bond Counsel delivered to the Issuer, the Trustee, the Majority Owner and the Controlling Person, 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 and the Controlling Person 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, the Issuer, the Majority Owner and the Controlling Person, an opinion to the effect that such amendments are necessary and sufficient in order to enable compliance with the provisions of the Code and the Indenture 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 3, 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 3; provided, however, that the Trustee shall take no action under this Section 3 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, 10 business days after such notice to comply with the requirements of this Section 3.

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 covenants and agrees for the term of this Regulatory Agreement that at least 76% [21/90 = 24% of Units will be market] of the Units shall be rented to Eligible Tenants and that the Owner shall not rent or lease any Unit to a person not an Eligible Tenant if such rental would cause less than 90% of the Units 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 at the Project are occupied at all times by Low Income Tenants;

(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 3 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 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 Controlling Person on the 1st day of the Qualified Project Period, and thereafter by the 20th calendar day of each April, July, October, and January, 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, the Trustee or the Controlling Person (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 thereof 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 the site by lease, construct, equip and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 7. Reliance. (a) 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.

(b) In performing their duties and obligations hereunder, the Issuer and the Trustee may conclusively 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 conclusively 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 the City of Austin, Texas.

Section 9. Sale or Transfer of the Project. (a) Except as otherwise permitted under the Loan Agreement, and the Indenture, the Owner covenants and agrees not to sell, transfer or otherwise dispose of the Project prior to the expiration of the Qualified Project Period or the date on which the Bonds have been paid in full, whichever is later, without (i) complying with any applicable provisions of the Loan Agreement, the Mortgage and this Regulatory Agreement, 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 the Loan Agreement and this Regulatory Agreement are met or are waived in writing by the Issuer, including (1) there is delivered to the Trustee, the Issuer, the Majority Owner and the Controlling Person a written Opinion of Counsel satisfactory to the Trustee, the Issuer, the Majority Owner and the Controlling Person addressed to the Trustee, the Issuer, the Majority Owner and the Controlling Person concluding that the transferee has duly assumed all of the rights and obligations of the Owner under the Loan Agreement 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 Trustee, the Issuer, the Majority Owner and the Controlling Person 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 the Loan Agreement and this Regulatory Agreement, and (4) the Issuer shall not have any reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Project, including but not limited to the Loan Agreement and this Regulatory Agreement. The Owner hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Project in violation of this subsection shall be ineffective to relieve the Owner of its obligations under this Agreement. Upon any sale, transfer or other disposition of the Project in compliance with this Agreement, the Owner so selling, transferring or otherwise disposing of the Project shall have no further liability for obligations under the Loan Agreement or this Regulatory Agreement arising after the date of such disposition. The foregoing notwithstanding, the duties and obligations of the Owner as set forth in the Loan Agreement and this Regulatory Agreement 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.

(b) The Owner shall not change or cause to be changed the general partner of the Owner (or cause the Owner to have more than one general partner) without the prior written consent of the Issuer, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, the general partner of the Owner may be removed and replaced by any partner or member of the Owner or any of its affiliates, in accordance with the Owner's partnership agreement, as it may be amended from time to time, and subject to the satisfaction of the requirements of the Loan Agreement and the Mortgage.

Section 10. Term. (a) 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 10, shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement and defeasance or termination of the Indenture.

(b) The terms of this Regulatory Agreement to the contrary and 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 authority 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 1 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 federal income tax purposes. The Issuer shall not be required to consent to termination of this Regulatory Agreement for any reason other than those specified above.

(c) 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. (a) The Owner hereby subjects the Project 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.

(b) 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. (a) 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 written opinion of Bond Counsel delivered to the Trustee, the Majority Owner and the Controlling Person, the failure to cure said default within 60 days will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. 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 14, 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 and the Controlling Person that a violation of this Regulatory Agreement has occurred.

Section 15. The Trustee. (a) 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 V 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 Loan Agreement and defeasance or termination of the Indenture.

(b) 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.

(c) 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, that 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 or redemption of the Bonds and notwithstanding a discharge of the Indenture; throughout the term of this Regulatory Agreement, the Owner shall continue to pay to the Issuer and the Trustee reimbursement for all fees and expenses actually incurred thereby required to be paid to the Issuer and the Trustee by the Owner pursuant to the Loan Agreement.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State (other than in respect of conflicts of laws). The Trustee's rights, duties, powers and obligations hereunder are governed in their entirety by the terms and provisions of this Agreement and the Indenture.

Section 19. Amendments. Subject to the provisions of Section 3 hereof, this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto, or their successors in title and duly recorded in the real property records of Travis County, Texas and only upon receipt by the Issuer, the Owner and the Trustee of (i) the prior written consent of the Controlling Person, and (ii) a Favorable Opinion of Bond Counsel regarding such amendment.

Section 20. Notices. Any notice required to be given hereunder to the Issuer, the Trustee, the Tax Credit Investor, the Controlling Person 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 may authorize the Owner to take on behalf of the Issuer actions required or permitted to be taken by it hereunder, or under the Indenture and the Loan Agreement and to make on behalf of the Issuer all elections and determinations required or permitted to be made by the Issuer hereunder or under the Indenture and the Loan Agreement. In addition, to the extent allows by law, the Issuer may authorize the Owner to exercise, on behalf of the Issuer, any election with respect to the Bonds pursuant to the Code or the Regulations, and in such case, the Issuer will cooperate with the Owner and execute any form of statement required by the Code or the Regulations required to effectuate any such election. Any authorization by the Issuer under this Section 23 shall be in writing.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer, the Trustee and the Owner have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

AUSTIN HOUSING FINANCE CORPORATION

By: _____
Name:
Title: Treasurer

BOKF, NA, as Trustee

By: _____
Name: _____
Title: Authorized Signatory

ELYSIUM GRAND, LP, a Texas limited
partnership

By: Elysium Grand GP, LLC, a Texas limited
liability company, its general partner

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TRAVIS

§
§
§

This Regulatory Agreement was acknowledged before me on _____, 2018, by
_____, Treasurer of Austin Housing Finance Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF _____

§
§
§

This instrument was acknowledged before me on _____, 2018, by _____,
authorized signatory of BOKF, NA.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

ACKNOWLEDGMENT

STATE OF _____

§

COUNTY OF _____

§

§

This instrument was acknowledged before me on _____, 2018, by Chris Dischinger, the manager of Elysium Grand GP, LLC, the General Partner of Elysium Grand, LP.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

EXHIBIT A
PROJECT SITE LEGAL DESCRIPTION
[Legal description from title commitment attached on next page]

EXHIBIT B

OWNER AND PROJECT FACILITIES

Owner: Elysium Grand, LP

Project Facilities 90 units of multifamily rental housing located on the Project Site, together with related amenities.

EXHIBIT C
TENANT INCOME CERTIFICATION

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Elysium Apartments)
Series 2018A

INCOME CERTIFICATION

☐ Initial Certification ☐ Recertification ☐ Other*

Effective Date: _____
Move-in Date: _____ (MM/DD/YYYY)
*Transfer from Unit: _____

PART I - DEVELOPMENT DATA

Property _____ County: _____ BIN #: _____
Name: AHFC# _____ Unit Number: _____ # Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	Student Status (circle one)	Last 4 digits of Social Security Number
1			HEAD		FT/PT/NA	
2					FT/PT/NA	
3					FT/PT/NA	
4					FT/PT/NA	
5					FT/PT/NA	
6					FT/PT/NA	
7					FT/PT/NA	

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$
Add totals from (A) through (D) above				TOTAL INCOME (E): \$

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$	\$

Enter Column (H) Total _____ Passbook Rate _____
If over \$5000 \$ _____ X .06% (effective 2/1/2015) = (J) Imputed Income \$

Enter the greater of the total of column I, or J: imputed income TOTAL INCOME FROM ASSETS (K) \$

(L) Total Annual Household Income from all Sources [Add (E) + (K)] \$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature _____

(Date) _____

Signature _____

(Date) _____

Signature _____

(Date) _____

Signature _____

(Date) _____

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME
FROM ALL SOURCES: \$ _____
From item (L) on page 1

Mark the program(s) listed below for which this household's income will be counted toward the property's occupancy requirements.

<input type="checkbox"/> HTC or Exchange	<input type="checkbox"/> 30%	<input type="checkbox"/> 40%	<input type="checkbox"/> 50%	<input type="checkbox"/> 60%	<input type="checkbox"/> OI***	
<input type="checkbox"/> TCAP	<input type="checkbox"/> 30%	<input type="checkbox"/> 40%	<input type="checkbox"/> 50%	<input type="checkbox"/> 60%	<input type="checkbox"/> OI***	
<input type="checkbox"/> HOME	<input type="checkbox"/> 30%	<input type="checkbox"/> 40%	<input type="checkbox"/> 50%	<input type="checkbox"/> 60%	<input type="checkbox"/> 80%	<input type="checkbox"/> OI***
<input type="checkbox"/> BOND	<input type="checkbox"/> 30%	<input type="checkbox"/> 50%	<input type="checkbox"/> 60%	<input type="checkbox"/> 80%	<input type="checkbox"/> OI***	<input type="checkbox"/> ET
<input type="checkbox"/> HTF	<input type="checkbox"/> ELI	<input type="checkbox"/> VLI	<input type="checkbox"/> LI	<input type="checkbox"/> OI***		
<input type="checkbox"/> NSP	<input type="checkbox"/> 30%	<input type="checkbox"/> 40%	<input type="checkbox"/> 50%	<input type="checkbox"/> 60%	<input type="checkbox"/> 80%	<input type="checkbox"/> 120%
<input type="checkbox"/> CDBG	<input type="checkbox"/> 30%	<input type="checkbox"/> 40%	<input type="checkbox"/> 50%	<input type="checkbox"/> 60%	<input type="checkbox"/> 80%	<input type="checkbox"/> 120%
<input type="checkbox"/> Other _____						

*** Upon Recertification household was determined to be over income (OI) according to eligibility requirements of the programs marked above.

PART VI. RENT

A. Tenant Paid Rent: \$ _____

B. Utility Allowance: \$ _____

C. Rent Assistance: \$ _____

D. Other non-optional charges and mandatory fees: \$ _____

E. Gross Rent For Unit (See Instructions): \$ _____ /

Mark the program(s) listed below for which this household's rent will be counted toward the property's occupancy requirements.

<input type="checkbox"/> HTC or Exchange	<input type="checkbox"/> 30%	<input type="checkbox"/> 40%	<input type="checkbox"/> 50%	<input type="checkbox"/> 60%
<input type="checkbox"/> TCAP	<input type="checkbox"/> 30%	<input type="checkbox"/> 40%	<input type="checkbox"/> 50%	<input type="checkbox"/> 60%
<input type="checkbox"/> HOME	<input type="checkbox"/> Low HOME	<input type="checkbox"/> High HOME		
<input type="checkbox"/> BOND	<input type="checkbox"/> 30%	<input type="checkbox"/> 50%	<input type="checkbox"/> 60%	<input type="checkbox"/> 80%
<input type="checkbox"/> HTF	<input type="checkbox"/> 30%	<input type="checkbox"/> 50%	<input type="checkbox"/> 60%	<input type="checkbox"/> 80%
<input type="checkbox"/> NSP	<input type="checkbox"/> 30%	<input type="checkbox"/> 40%	<input type="checkbox"/> Low HOME	<input type="checkbox"/> High HOME
<input type="checkbox"/> CDBG	<input type="checkbox"/> 30%	<input type="checkbox"/> 40%	<input type="checkbox"/> Low HOME	<input type="checkbox"/> High HOME
<input type="checkbox"/> Other _____				

PART VII. STUDENT STATUS (HTC, TCAP, Exchange, and BOND only)

ARE ALL OCCUPANTS FULL TIME STUDENTS? If yes, Enter student explanation*
(also attach documentation)

☐ Yes ☐ No

Enter 1-5

*Student Explanation:

1. TANF assistance
2. Job Training Program
3. Single parent/dependent child
4. Married/joint return
5. Previous Foster Care

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of program's rules, regulations and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE _____

DATE _____

Supplement to the Income Certification

Unit #: _____ Date: _____

See below for Ethnicity, Race, and Other codes that characterize household composition. **Enter both Ethnicity and Race** codes for each household member, if applicable. Also indicate if an individual in the household is elderly and/or disabled.

HH Mbr #	Sex -- enter M or F	Age	Ethnicity	Race	Elderly Enter Y or N	Disabled Enter Y or N
1						
2						
3						
4						
5						
6						
7						

The AHFC requests this information in order to comply with HUD's required reporting requirements. Although AHFC would appreciate receiving this information, you may choose not to furnish it. You may not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please initial below.

RESIDENT/APPLICANT: I do not wish to furnish information regarding ethnicity, race, sex, age and other household composition.
(Initials) _____

The following Ethnicity codes should be used:	The following Race codes should be used:
A Hispanic	A White
B Not Hispanic	B Black/African American
	C Asian
	D American Indian/Alaska Native
	E Native Hawaiian/Other Pacific Islander
	F American Indian/Alaska Native & White
	G Asian & White
	H Black/African American & White
	I American Indian/Alaska Native & Black/African American
	J Other Multi Racial

DEFINITIONS

Ethnic categories:

- A. Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as "Latino" or "Spanish Origin" apply to this category.
- B. Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

Racial categories:

- A. White – A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.
- B. Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as "Haitian" or "Negro" apply to this category.
- C. Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- D. American Indian/Alaskan Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintains tribal affiliation or community attachment.
- E. Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

Note: The remaining racial categories (F-I) are multi racial categories made up of combinations of the single race categories defined above (A-E). If the appropriate multi-racial category is not listed, use the "Other Multi Racial" (J) category.

Disabled:

- A physical or mental impairment which substantially limits one or more major life activities; a record of such an impairment; or being regarded as having such an impairment. For a definition of "physical or mental impairment" and other terms used in this definition, please see 24 CFR 100.201.

"Handicap" does not include current, illegal use of or addiction to a controlled substance.

EXHIBIT D

COMPLIANCE MONITORING REPORT

TO: Austin Housing Finance Corporation
1000 E. 11th Street
Austin, Texas 78702
Attention: Program Manager

BOKF, NA, as trustee
777 Main Street
Suite 3500
Fort Worth, Texas 76102
Attention: Corporate Trust Department

Red Stone A7 LLC, as controlling person
666 Old Country Road, Suite 603
Garden City, New York 11530
Attention: Kiki Mastorakis

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Elysium Apartments)
Series 2018A

Elysium Grand, LP (the "Owner"), hereby represents and warrants that:

1. A review of the activities of the Owner during the period of _____ through _____ and of then Owner's performance under the Loan Agreement has been made under the supervision of the undersigned.
2. The Owner owns Elysium Apartments (the "Project").
3. The Project was financed, in substantial part, as a result of the 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 November 1, 2018, among the Owner, Austin Housing Finance Corporation (the "Issuer") and BOKF, NA, as Trustee (the "Trustee"); and (2) the Loan Agreement, dated as of November 1, 2018, among the Owner, the Trustee and the Issuer (the "Loan Agreement"). The Regulatory Agreement was executed, delivered, and recorded against the Project in connection with the issuance of the Bonds. Hereinafter, unless otherwise expressly provided herein or unless the context requires otherwise, the capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Regulatory Agreement.

5. The Project's Qualified Project Period with respect to the project, the period beginning on the closing date and ending on the later of (i) the date which is 15 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 at each Project Facility shall at all times be rented to and occupied by Low Income Tenants.
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.
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.

ELYSIUM GRAND, LP, a Texas limited
partnership

By: Elysium Grand GP, LLC, a Texas limited
liability company, its general partner

By: _____

Name:

Title:

BOND PURCHASE AGREEMENT

by and among

AUSTIN HOUSING FINANCE CORPORATION,

ELYSIUM GRAND, LP

and

FMSBONDS, INC.

Dated November __, 2018

Relating to:

[\$10,000,000]

**Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Elysium Apartments) Series 2018A**

and

[\$1,300,000]

**Austin Housing Finance Corporation
Taxable Multifamily Housing Revenue Bonds
(Elysium Apartments) Series 2018B**

BOND PURCHASE AGREEMENT

FMSBONDS, INC. (together with its successors or assigns hereunder, the "Underwriter"), hereby offers to enter into the following agreement with AUSTIN HOUSING FINANCE CORPORATION, a public non-profit housing finance corporation duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the "Issuer"), and ELYSIUM GRAND, LP, a limited partnership duly organized and validly existing under the laws of the State of Texas (together with its permitted successors and assigns, the "Borrower"), for the sale by the Issuer and the purchase by the Underwriter of the Bonds described below, which are being issued by the Issuer for the benefit of the Borrower. Upon your acceptance of this offer and your execution and delivery of this Agreement, this Agreement will be binding upon each of you and the Underwriter. This offer is made subject to your acceptance, evidenced by your execution and delivery of this Agreement to the Underwriter, at or prior to 1 p.m., eastern time, on November __, 2018 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.

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Agreement, and in reliance on the representations, warranties and covenants contained herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter when, as and if issued, all (but not less than all) of the Bonds identified in Item 1 in Exhibit B attached hereto in exchange for delivery by the Underwriter of the Purchase Price for the Bonds set forth as Item 2 in Exhibit B attached hereto. Notwithstanding anything to the contrary in this Agreement, the Underwriter's obligations hereunder to purchase the Bonds at the Closing are subject to the Underwriter having a firm order from the Purchaser to purchase all of the Bonds from the Underwriter on the date of the Closing at a price equal to the Purchase Price.

2.2 The Bonds will (i) be issued pursuant to the Resolution and the 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 in Exhibit B attached hereto and in the Indenture.

Section 3. Closing. The Closing will take place at the time and on the date set forth in Item 5 in Exhibit B or at such other time or on such other date as may be mutually agreed upon by you and the Underwriter. At the Closing, the Issuer will direct the Trustee to deliver the Bonds to or upon the order of the Underwriter, pursuant to the DTC FAST System, in definitive form, duly executed and authenticated by the Trustee. Subject to the terms and conditions hereof, the Issuer will deliver or cause to be delivered at the offices of McCall Parkhurst & Horton LLP in Dallas, Texas, the other documents and instruments to be delivered pursuant to this Agreement (the "Closing Documents") and the Underwriter will accept delivery of the Bonds and Closing Documents and simultaneously will deliver the Purchase Price for the Bonds, by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer directs. The Bonds will be made available to the Underwriter one Business Day before the Closing at the closing location for purposes of inspection. The Bonds will be prepared and delivered as fully registered Bonds without coupons in the denominations set forth in the Indenture. The Bonds should be registered by the Trustee in the name of Cede & Co., as nominee for DTCC.

Section 4. Representations and Warranties of Issuer.

4.1 The Issuer 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 Issuer is a public non-profit housing finance corporation, duly organized, validly existing and in good standing under the laws of the State and is authorized to execute and deliver this Agreement and the other Issuer Documents and to issue, sell and deliver the Bonds pursuant to the laws of the State, including particularly the Act.

(b) The Issuer has, and as of the Closing Date will have, all necessary power and authority to (i) execute and deliver this Agreement and the Issuer Documents, (ii) issue the Bonds in the manner contemplated by the Resolution, this Agreement and the Indenture, and (iii) otherwise consummate the transactions contemplated by the Resolution, this Agreement and the Issuer Documents.

(c) At the time of its adoption, the Issuer had all necessary power and authority to adopt the Resolution.

(d) The Issuer has duly adopted the Resolution at a meeting or meetings duly called and held in accordance with applicable law and procedures of the Issuer, and since that time the Resolution has not been rescinded, amended or modified.

(e) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized the (i) execution and delivery of this Agreement, the Bonds and the other Issuer Documents, (ii) performance by the Issuer of the obligations contained in the Bonds and in the other Issuer Documents, and (iii) consummation by the Issuer of all of the transactions contemplated hereby and by the Issuer Documents.

(f) Assuming the valid authorization, execution and delivery of this Agreement and the other Issuer Documents by the other parties hereto and thereto and the authentication of the Bonds by the Trustee, this Agreement is, and the Bonds and the other Issuer Documents 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.

(g) All consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any court or governmental authority, board, agency, commission or body having jurisdiction which are required by or on behalf of the Issuer for the execution and delivery by the Issuer of this Agreement, the other Issuer Documents or the Bonds, or the consummation by the Issuer of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing, except for the filing of the IRS Form 8038 (which will be timely filed after Closing).

(h) The execution and delivery by the Issuer of this Agreement, the Bonds and the other 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, the Constitution of the State or the organizational documents of the Issuer, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement applicable to the Issuer, or (iii) 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.

(i) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Issuer, threatened against or affecting the Issuer or its officials, in their respective capacities as such, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, (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 may reasonably be expected to contest or have a material and adverse effect upon (A) the due performance by the Issuer of this Agreement or the other Issuer Documents or the transactions contemplated hereby or thereby, (B) the validity or enforceability of the Bonds, the Resolution, this Agreement, the other 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 (C) the exclusion of the interest on the Tax-Exempt Bonds from the gross income of the holders thereof for federal income tax purposes. The Issuer is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(j) When delivered to the Underwriter after receipt of payment therefor in accordance with the provisions of this Agreement, the Bonds will be duly authorized, executed, issued, and delivered and will constitute the Issuer's legal, valid and binding special, limited obligations, enforceable in accordance with their 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), and will be entitled to the benefit and security of the Indenture.

(k) 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.

(l) The Issuer has not taken or omitted to take on or prior to the date hereof any action, that would adversely affect the exclusion of the interest on the Tax-Exempt Bonds from the gross income of the holders thereof for federal income tax purposes.

(m) 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.

(n) On the Closing Date, each of the representations and warranties of the Issuer contained herein and in the other Issuer Documents shall be true, correct and complete.

(o) The Underwriter has not provided any municipal advisory services to the Issuer within the meaning of Rule 15Ba1-1 of the Securities Exchange Act of 1934, as amended.

4.2 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.

Section 5. Representations and Warranties of Borrower.

5.1 The Borrower makes the following representations and warranties to the Issuer and the Underwriter and for the benefit of the Purchaser and the Holders as of the date hereof, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is, and at all times will be, a limited partnership duly organized, validly existing and in good standing under the laws of the State. The General Partner is, and at all times will be, a limited liability company duly organized, validly existing and in good standing under the laws of the State. The Sole Member is, and at all times will be, a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State.

(b) The Borrower has, and on the Closing Date will have, full legal right, power and authority (i) to execute and deliver this Agreement and the other Borrower Documents and (ii) to consummate the transactions contemplated by this Agreement and the other Borrower Documents. The General Partner has, and on the Closing Date will have, full legal right, power and authority to execute and deliver this Agreement and the other Borrower Documents on behalf of the Borrower and the General Partner Pledge on its own behalf. The Sole Member has, and on the Closing Date will have full legal right, power and authority to execute and deliver this Agreement, the other Borrower Documents and the General Partner Pledge on behalf of the General Partner

(c) The Borrower has duly authorized the execution and delivery of this Agreement and the performance by the Borrower of the obligations contained herein, and prior to the Closing Date the Borrower will have duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the other Borrower Documents, and (iii) consummation by the Borrower of all transactions contemplated hereby and by the Borrower Documents.

(d) All consents, approvals, authorizations or orders of, notices to, or filings, registrations or declarations with, any court or governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower or for the execution and delivery by the Borrower of this Agreement and the other Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby.

(e) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion of the interest on the Tax-Exempt Bonds from the gross income of the holders thereof for purposes of federal income taxation.

(f) All information concerning the Project, the Borrower, the General Partner, the Sole Member and the Guarantors submitted to the Originator by the Borrower, the General Partner, the Sole Member or the Guarantors, is true and correct in all material respects as of the date hereof and does not omit to state a material fact necessary to make the statements therein not misleading.

(g) There is no legal action, suit, proceeding, inquiry or investigation 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, the General Partner, the Sole Member or the Guarantors or, to the knowledge of the Borrower, any basis therefor (i) in any way affecting the organization and existence of the Borrower, the General Partner, the Sole Member or the Guarantors, (ii) contesting or materially affecting the validity or enforceability of this Agreement or the other Borrower Documents, (iii) contesting the powers of the Borrower or its authority with respect to the Borrower Documents, (iv) contesting the authority of the General Partner to act on behalf of the Borrower or of the Sole Member to

act on behalf of the General Partner, (v) wherein an unfavorable decision, ruling or finding would have a material adverse effect on (A) the operations of the Borrower, the General Partner, the Sole Member or the Guarantors, (B) the due performance by the Borrower of the Borrower Documents to which it is a party, by the General Partner of the General Partner Pledge or by the Guarantors of the Guarantor Documents to which the Guarantors are parties, (C) the validity or enforceability of any of the Borrower Documents, the General Partner Pledge or the Guarantor Documents or the transactions contemplated hereby or by any other Borrower Document, the General Partner Pledge or Guarantor Document, or (vi) in any way contesting the exclusion from the gross income of the holders thereof for purposes of federal income taxation of the interest on the Tax-Exempt Bonds.

(h) This Agreement is, and, when executed and delivered by the Borrower and the other parties thereto, and the other Borrower Documents will be, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower 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.

(i) The execution and delivery by the Borrower of this Agreement and the other Borrower Documents and the consummation by the Borrower of the transactions contemplated thereby and hereby are not prohibited by, do not violate any provision of, and will not result in a breach of or default under (i) organizational documents of the Borrower; (ii) to the Borrower's knowledge, any applicable law, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental body or other requirement to which the Borrower is subject; or (iii) any contract, indenture, agreement, mortgage, lease, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties is bound.

(j) The Underwriter has not provided any municipal advisory services to the Borrower within the meaning of Rule 15Ba1-1 of the Securities Exchange Act of 1934, as amended.

5.2 Each of the representations and warranties set forth in this Section 5 will survive the Closing.

5.3 Any certificate signed by the Borrower or the General Partner and delivered to the Underwriter shall be deemed a representation and warranty by the Borrower to the Underwriter, the Purchaser and the holders of the Bonds as to the statements made therein.

Section 6. Covenants.

6.1 The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, 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 Indenture and the other Issuer Documents.

(b) After all conditions have been met with respect to the issuance of the Bonds (including without limitation the payment of the Purchase Price), the Issuer will cause the Bonds to be delivered in accordance with this Agreement, and upon receipt of evidence that the Trustee has received the Purchase Price set forth in Section 2.1 hereof, to the address and at the time specified by the Underwriter in conjunction with the Closing.

(c) The Issuer will not knowingly take or omit to take any action which will in any way cause the proceeds of the Tax-Exempt Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Tax-Exempt Bonds to be included in the gross income of the holders thereof for federal income tax purposes.

(d) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Resolution, this Agreement, the other Issuer Documents and the Bonds.

6.2 The Borrower hereby makes the following covenants with the Issuer and the Underwriter:

(a) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Tax-Exempt Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Tax-Exempt Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(b) Prior to the Closing, the Borrower will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency, if any, that would constitute a condition precedent to the performance by it of its obligations under this Agreement and the other Borrower Documents.

(c) The Borrower will not voluntarily undertake any course of action inconsistent with the satisfaction by the Borrower of the requirements applicable to it, as set forth in this Agreement and the other Borrower Documents.

Section 7. Conditions of Closing.

7.1 The Underwriter has entered into this Agreement in reliance upon representations, covenants and agreements of the Issuer and the Borrower contained herein, in reliance upon the representations, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer and the Borrower of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds will be subject to the performance by the Issuer and the Borrower of their obligations to be performed by them hereunder at or prior to the Closing, and to the accuracy in all material respects of the representations, covenants and agreements of the Issuer and of the Borrower contained herein as of the date hereof and as of the Closing as if made on the Closing Date, and will also be subject to the following additional conditions:

(a) There shall not have occurred any material error, misstatement or omission in the representations and warranties made by either of you 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) Each of you shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by you at or prior to Closing.

(c) This Agreement, the other Issuer Documents, the other Borrower Documents, the Guarantor Documents, the General Partner Pledge, the Subordinate Debt Documents, the

VASH Contract and the Ground Lease shall 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, shall be in form and substance satisfactory to the Originator, all of the conditions to the issuance of the Bonds thereunder shall have been satisfied, and no event of default shall exist under any such documents.

(d) Each of the Subordinate Debt Documents shall have been executed and delivered, shall be in full force and effect, shall be in form and substance acceptable to the Originator, a subordination agreement with respect to the Subordinate Debt, in form and substance acceptable to the Originator, shall have been executed and delivered, and the conditions to the closing and [disbursement of the proceeds] of the Subordinate Debt shall have been satisfied.

7.2 On the Closing Date, (a) the Originator shall have received, in immediately available funds, an amount equal to the fees set forth in Section 10, and the costs and expenses of the Underwriter incurred as of the date of the execution and delivery hereof, and (b) the Trustee shall have received the deposits required to be made in the Accounts.

7.3 In addition to the conditions set forth above, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Originator of the following items:

(a) A certificate of the Issuer, dated the Closing Date and reasonably satisfactory to the Originator, signed by an authorized representative of the Issuer, that (1) each of the attached organizational documents and Resolution is true, correct and complete and has not been amended, modified or rescinded; (2) each of the Issuer's representations and warranties contained herein and in the other Issuer Documents is true and correct in all material respects on and as of the Closing Date; (3) the Issuer has performed and complied in all material respects with all agreements and conditions required of the issuer by this Agreement to be performed and complied with by it at or prior to the Closing; and (4) such other matters reasonably requested by the Originator.

(b) A certificate of the Borrower, dated the Closing Date and reasonably satisfactory to the Originator, signed by an officer of the Sole Member of the General Partner, that: (1) each of the attached organizational documents, certificate of good standing, and partner consents (if any), is true, correct and complete and has not been amended, modified or rescinded; (2) each of the Borrower's representations and warranties contained herein and in the other Borrower Documents is true and correct in all material respects on and as of the Closing Date; (3) the Borrower has performed and complied in all material respects with all agreements and conditions required of the Borrower by this Agreement to be performed and complied with by it at or prior to the Closing; and (4) such other matters reasonably requested by the Originator;

(c) A certificate of the General Partner, dated the Closing Date and in form and substance reasonably satisfactory to the Originator, signed an officer of its Sole Member, that (1) the General Partner is a limited liability company duly organized, validly existing and is in good standing under the laws of the State, with full legal right, power and authority to execute and deliver this Agreement and the other Borrower Documents on behalf of the Borrower as its general partner and to deliver the General Partner Pledge on its own behalf; (2) the General Partner has, by all necessary legal action, duly authorized the execution and delivery, on its own behalf and on behalf of the Borrower, as its General Partner, of this Agreement, the Borrower Documents and the General Partner Pledge; (3) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of the General Partner for the execution and delivery by the General Partner, on its own behalf, of the General Partner Pledge, and on behalf of the Borrower, as its General Partner, of this Agreement and the Borrower Documents and the performance by the General Partner thereunder;

(4) the execution and delivery by the General Partner, on its own behalf and/or on behalf of the Borrower, as its General Partner, of this Agreement, the Borrower Documents and the General Partner Pledge and the performance by the General Partner thereunder do not violate the organizational documents of the General Partner, any applicable law, rule or regulation, or any court order by which the General Partner is bound, and such actions do not constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which the General Partner is a party or by which it or its properties is bound; (5) there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to its knowledge, threatened against the General Partner nor, to the best knowledge of the General Partner, any basis therefor (i) in any way contesting the existence of the General Partner, (ii) in any way contesting the authority of the General Partner to act on behalf of the Borrower or the authority of the Sole Member to act on behalf of the General Partner, or (iii) which would have a material adverse effect on the financial condition or operations of the General Partner or the consummation of the transactions on the part of the General Partner or the Borrower contemplated hereby or by any Borrower Document or by the General Partner Pledge; and (6) such other matters reasonably requested by the Originator;

(d) A certificate of the Sole Member, dated the Closing Date and in form and substance reasonably satisfactory to the Originator, signed by an officer of the Sole Member, that (1) the Sole Member is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State, with full legal right, power and authority to execute and deliver this Agreement and the other Borrower Documents and the General Partner Documents, all as the Sole Member of the General Partner; (2) the Sole Member has, by all necessary legal action, duly authorized the execution and delivery, on behalf of the General Partner, of this Agreement, the other Borrower Documents and the General Partner Pledge; (3) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of the Sole Member for the execution and delivery by the Sole Member, on behalf of the General Partner, of this Agreement, to other Borrower Documents or the General Partner Pledge and the performance by the Sole Member thereunder; (4) the execution and delivery by the Sole Member, on behalf of the General Partner, of this Agreement, the other Borrower Documents and the General Partner Pledge, and the performance by the Sole Member thereunder do not violate the organizational documents of the Sole Member, any applicable law, rule or regulation, or any court order by which the Sole Member is bound, and such actions do not constitute a default under any indenture, mortgage, lease, note or other obligation or instrument to which the Sole Member is a party or by which it or its partners is bound; (5) there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to its knowledge, threatened against the Sole Member nor, to the best knowledge of the Sole Member, any basis therefor (i) in any way contesting the existence of the Sole Member, (ii) in any contesting the authority of the officers of the Sole Member to act on behalf of the Sole Member, or (iii) which would have a material adverse effect on the financial condition or operations of the Sole Member or the consummation of the transactions on the part of the Sole Member, the General Partner or the Borrower contemplated hereby, by any Borrower Document or by the General Partner Pledge; and (6) such other matters reasonably requested by the Originator;

(e) Certificates of each Guarantor, dated the Closing Date and in form and substance reasonably satisfactory to the Originator, signed by such Guarantor (if a natural person) or an authorized officer of such Guarantor (if not a natural person), that (1) such Guarantor (if not a natural person) is duly organized, validly existing and in good standing under the laws of the State of its organization, with full legal right, power and authority to execute and deliver the Guarantor Documents; (2) Guarantor (if not a natural person) has, by all necessary legal actions, duly authorized the execution and delivery of the Guarantor Documents; (3) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of such Guarantor for the execution and delivery by such Guarantor of the Guarantor Documents and the

performance by such Guarantor thereunder; (4) the execution and delivery by such Guarantor of the Guarantor Documents and the performance by such Guarantor thereunder do not violate any applicable law, rule, or regulation or any court order by which such Guarantor is bound, and such actions do not in any material respect constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which such Guarantor is a party or by which it is bound; (5) there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to the knowledge of such Guarantor, threatened against such Guarantor, nor any basis therefor, which would have a material adverse effect upon the financial condition of such Guarantor or the consummation of the transactions on the part of such Guarantor contemplated by such Guarantor Documents; and (6) such other matters reasonably requested by the Originator;

(f) Incumbency certificates of the Borrower, the General Partner and each Guarantor who is not a natural person certifying, in each case, that each of the attached organizational documents, certificate of good standing, authorizing resolution and evidence of incumbency is true correct and complete and has not been amended, modified or rescinded;

(g) Opinions of counsel to the Borrower, the General Partner, the Sole Member and the Guarantors dated the date of the issuance of the Bonds and addressed to the Issuer, the Trustee, the Underwriter, the Purchaser and the Originator as to the matters on Exhibit C attached hereto;

(h) An opinion of Bond Counsel from McCall Parkhurst & Horton LLP, dated the date of issuance of the Bonds and addressed to the Purchaser, the Originator, the Trustee and the Issuer, in form and substance acceptable to the Originator;

(i) An opinion of counsel to the Issuer, or of Bond Counsel acting in such capacity, dated the date of issuance of the Bonds and addressed to the Underwriter, the Purchaser, the Originator and the Trustee, in form and substance acceptable to the Originator;

(j) A pro forma mortgagee title insurance policy issued by the Title Company to the Trustee, dated effective as of the date of recording of the Mortgage, in form, scope and substance satisfactory to the Originator, insuring the lien of the Mortgage in an amount equal to the initial face amount of the Bonds, subject only to such liens and encumbrances as the Originator may approve, containing all the requirements included in the Originator's list of title requirements provided to the Borrower via e-mail, to the extent available in the State;

(k) Evidence of the insurance required under the Loan Agreement, including, without limitation, flood insurance to the extent that any portion of the Improvements is located in a Special Flood Hazard area as defined by the United States Department of Housing and Urban Development;

(l) A certified legal description and ALTA/ACSM Land Title Survey of the land included in the Project by a surveyor approved by the Originator in form and substance acceptable to the Originator, containing all the requirements included in the Originator's list of survey requirements and form of surveyor's certificate provided to the Borrower via e-mail;

(m) Evidence in such form as the Originator may reasonably require of (i) satisfactory subdivision of the Project and zoning for all buildings and improvements; (ii) the valid issuance of all necessary permits and licenses to construct, occupy and operate the buildings and improvements, including without limitation all permits and licenses required under applicable law with respect to subdivision, zoning, safety, building, occupancy, fire protection, environmental, energy and

similar matters; (iii) the availability of all utility and municipal services required for the operation of the Project; and (iv) the availability of means of access to and from the Project, by means of public ways or easements benefiting the Project;

(n) Evidence reasonably satisfactory to the Originator that building permits have been provided or will be provided upon the payment of fees, if applicable;

(o) A budget detailing the costs of the proposed construction of the Project, and plans and specifications in respect of such construction, all satisfactory to the Originator;

(p) Copies of contracts with an architect, a general contractor, a prime subcontractor and a structural engineer, satisfactory to the Originator, for the performance of the construction of the Project;

(q) A report or written confirmation from the Engineering Consultant that (a) the Engineering Consultant has reviewed the final plans and specifications, (b) the construction contract(s) satisfactorily provide for the construction of the Project, and (c) in the opinion of the Engineering Consultant, construction of the Project can be completed within eighteen (18) months following Closing for an amount not greater than the amounts allocated for such purpose in the submitted budget;

(r) An environmental audit satisfactory to the Originator in scope, form and substance, and performed and certified to the Originator by an environmental engineer satisfactory to the Originator;

(s) For each of the Borrower, the General Partner, the Sole Member and each of the Guarantors which is not a natural person, a certified copy of its organizational documents as in effect on the date of closing, including copies of all filed documents, which shall, with respect to the Borrower and the General Partner, contain provisions denoting its single purpose entity status, and evidence that all action necessary for the valid execution, delivery and performance by the Borrower, the General Partner, the Sole Member and such Guarantors of this Agreement and the other Borrower Documents, the General Partner Pledge or the Guarantor Documents, as applicable, to which it is or is to become a party shall have been duly and effectively taken;

(t) A use of proceeds certificate of the Borrower, dated the Closing Date and signed by an officer of the Sole Member, in form and substance reasonably satisfactory to Bond Counsel, respecting certain tax matters, as may be reasonably required by Bond Counsel to enable it to give its opinion;

(u) A non-arbitrage certificate of the Issuer, dated the Closing Date and signed by an authorized officer of the Issuer, in form and substance acceptable to Bond Counsel, respecting certain tax matters, as may be reasonably required by Bond Counsel to enable it to give its opinion;

(v) A certificate of the Trustee, dated the Closing Date, in form and substance satisfactory to the Originator, signed by an authorized officer of the Trustee, that (i) the Trustee has all necessary power and authority to accept the trusts granted under the Indenture and to perform its duties under the Trustee Documents; (ii) the Trustee Documents have been duly authorized, executed and delivered by an authorized officer of the Trustee; (iii) the Bonds have been authenticated by an authorized representative of the Trustee and delivered to or at the direction of the Underwriter; and (iv) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental

agency or body is required on behalf of the Trustee for the execution and delivery by the Trustee of the Trustee Documents or the performance by the Trustee of its obligations thereunder;

(w) A properly completed and executed IRS Form 8038 as to the Tax-Exempt Bonds to be filed with the IRS promptly following the Closing Date;

(x) Oral confirmation from the Purchaser that it is ready to close; and

(y) Such other documents, certificates, financing statements, approvals, assurances and opinions as the Purchaser or the Originator may reasonably request.

7.4 If any of the conditions set forth in Sections 7.1, 7.2 or 7.3 has not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Agreement or proceed to Closing upon waiving in writing such condition under this Agreement. If this Agreement is terminated pursuant to this Section, no party will have any rights or obligations to the other parties hereto, except as provided in Section 10.

Section 8. Actions and Events at the Closing. The following events will take place at the Closing:

(a) The Issuer will deliver the Bonds to the Trustee for closing through DTCC's book-entry only system. The Bonds so delivered will be in the form required by the Indenture, duly executed on behalf of the Issuer and authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee for DTCC.

(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 5 in Exhibit B, or at such other place or places as you and the Underwriter may mutually agree upon, the materials described in Section 7.3.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer or as the Issuer directs, an amount equal to the Purchase Price of the Bonds, by wire transfer to the Trustee, in immediately available federal funds, which shall be deposited by the Trustee in the funds and accounts set forth in the Indenture upon the issuance of the Bonds, and applied as set forth in the Indenture.

Section 9. Termination of Agreement. The Underwriter may terminate this Agreement, without liability therefor, by notifying you at any time prior to the Closing if:

(a) Any legislation is introduced in, or enacted by, the United States Congress, or shall have been reported out of committee or be pending in committee, or any decision is rendered by any court of competent jurisdiction, or any ruling or regulation, temporary regulation, release or announcement shall have been issued or proposed by the Treasury Department of the United States, the Internal Revenue Service, or any other agency of the government of the United States that, in the reasonable judgment of the Underwriter, has the purpose or effect of causing interest on the Tax-Exempt Bonds to be includable in gross income of the holders thereof for purposes of federal income taxation or to be an item of tax preference for purposes of the federal alternative minimum tax; or

(b) Any legislation is introduced in, or enacted by the United States Congress or any action is taken by, or on behalf of, the Securities and Exchange Commission, that, in the opinion of counsel to the Underwriter has the effect of requiring (i) the Bonds or the interests in the Loan Agreement or other financing documents to be registered under the 1933 Act or the Indenture to be qualified under the 1939 Act, or (ii) any governmental consents, approvals, orders or authorizations for the consummation of the transactions contemplated by this Agreement, the other Issuer Documents, the other Borrower Documents, the General Partner Pledge or the Guarantor Documents which cannot, without undue expense, be obtained prior to the Closing Date.

Section 10. Fees and Expenses; Costs of Issuance. The Borrower shall pay or cause to be paid all costs of issuance of the Bonds, including all reasonable expenses incident to the performance of the Underwriter's obligations hereunder in connection with its purchase of the Bonds, including, but not limited to, (i) the fees of the Originator set forth in Section 2.2(a) of the Loan Agreement, (ii) the cost of the preparation, printing or other reproduction of the Resolution, this Agreement, the other Issuer Documents, the other Borrower Documents, the General Partner Pledge and the Guarantor Documents, in reasonable quantities for distribution, (iii) the cost of producing, authenticating and delivering the Bonds, (iv) the fees and disbursements of Bond Counsel, Issuer's counsel, Originator's counsel and Trustee's counsel, (v) the fees and expenses, including without limitation all initial and continuing fees and expenses, of the Trustee and all paying agents, transfer agents and bond registrars and (vi) the fees and expenses, including travel expenses, incurred by your representatives in connection with the issuance, sale and delivery of the Bonds.

Section 11. Miscellaneous.

11.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following addresses or such other address as any of the parties shall specify:

If to the Underwriter: FMSbonds, Inc.
4775 Technology Way
Boca Raton, Florida 33431
Attention: Mark Viggiano – Executive Director

With copies to: Red Stone A7 LLC
126 East 5th Street, 18th Floor
New York, New York 10022
Attention: Cody Z. Langeness

and: Greenberg Traurig, LLP
2700 Two Commerce Square
2001 Market Street
Philadelphia, Pennsylvania 19103
Attention: Dianne Coady Fisher

If to the Issuer: Austin Housing Finance Corporation
1000 East 11th Street, 2nd Floor
Austin, Texas 78702
Attention: Neighborhood Development
Program Manager

If to the Borrower: Elysium Grand, LP
c/o Austin Affordable Housing Corporation
1124 South IH 35
Austin, Texas 78704
Attention: Ron Kowal

With copies to: Coats Rose, P.C.
9 Greenway Plaza, Suite 9201
Houston, Texas 77046-0307
Attention: Barry Palmer

and: Shackelford, Bowen, McKinley & Norton, LLP
9201 North Central Expressway, 4th Floor
Dallas, Texas 75231
Attention: John Shackelford

and: Elysium Grand SLP, LLC
5501-A Balcones Drive, #302
Austin, Texas 78731
Attention: Megan Lasch

11.2 This Agreement will inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns and will not confer any rights upon any other person.

11.3 This Agreement may not be assigned by the Issuer or the Borrower. This Agreement may be assigned by the Underwriter upon written notice of such assignment from the Underwriter to the Issuer and the Borrower. The Underwriter may designate the entity in whose name the Bonds are to be registered at Closing by providing registration information to the Trustee on or prior to the Closing Date.

11.4 This Agreement may not be amended without the prior written consent of the Issuer, the Borrower, the Underwriter and the Purchaser.

11.5 The representations, covenants and agreements of the Issuer and the Borrower will not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of (a) any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations, covenants and agreements, and (b) delivery of and payment for the Bonds.

11.6 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument. To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures shall constitute original signatures for all purposes under this Agreement.

11.7 This Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Bonds.

11.8 This Agreement will become effective and binding upon the respective parties hereto upon the execution and delivery hereof by the parties hereto and will be valid and enforceable as of the time of such execution and delivery.

11.9 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 inoperative 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.

11.10 This Agreement will be governed by and construed in accordance with the laws of the State applicable to agreements to be performed wholly therein, without regard to conflict of laws principles.

11.11 As an inducement to the agreement of the Underwriter to purchase the Bonds pursuant to the terms of this Agreement, the Borrower agrees not to obtain or seek to obtain financing or credit of any kind or nature whatsoever from any other sources in lieu of the financing to be provided by the issuance of the Bonds by the Issuer and the purchase of the Bonds by the Underwriter. In the event of a breach of this covenant, the Underwriter shall be entitled to all remedies available to it, at law and in equity, including specific performance and damages. As a further inducement, the Borrower agrees to indemnify and hold harmless the Underwriter from any and all litigation or claims arising out of transactions contemplated herein, except for any litigation or claims directly resulting from the gross negligence or willful misconduct of the Underwriter.

11.12 The obligations of the Underwriter hereunder shall be without recourse to any shareholder, trustee, officer, employee, agent or manager of the Underwriter and no shareholder, trustee, officer, employee, agent or manager of the Underwriter shall be personally liable for the payment of any obligation of the Underwriter hereunder. In the event any legal actions or proceedings are brought in respect of such obligations, any judgment against the Underwriter shall be enforced only against the assets of the Underwriter and not against any property of any shareholder, trustee, officer, employee, agent or manager of the Underwriter.

Section 12. No Advisory or Fiduciary Role. The Issuer and the Borrower acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Issuer and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Issuer or the Borrower on other matters) or any other obligation to the Issuer or the Borrower except the obligations expressly set forth in this Agreement, (iv) the Underwriter has financial and other interests that differ from those of the Issuer and the Borrower and (v) each of the Issuer and the Borrower has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Agreement and returning this executed Agreement to the undersigned.

FMSBONDS, INC.

By: _____
Name:
Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

Accepted as of the date first above written:

**ISSUER: AUSTIN HOUSING
FINANCE CORPORATION**

By: _____

Name:

Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

Accepted as of the date first above written:

BORROWER: **ELYSIUM GRAND, LP,**
 a Texas limited partnership

By: Elysium Grand GP, LLC, a Texas limited
liability company, its general partner

By: Austin Affordable Housing Corporation, a Texas nonprofit
corporation, its sole member

By: _____
Name: Ron Kowal
Title: Vice President

EXHIBIT A

Glossary of Terms

“1933 Act” means the Securities Act of 1933, as amended.

“1939 Act” means the Trust Indenture Act of 1939, as amended.

“Accounts” means all of the funds, accounts and subaccounts to be established under, and defined in, the Indenture, including the Project Fund (and within such Project Fund, the Bond Proceeds Account, the Costs of Issuance Account, the Equity Account, the Subordinate Debt Proceeds Account, the Capitalized Interest Account and the Insurance and Condemnation Proceeds Account), the Replacement Reserve Fund, the Tax and Insurance Escrow Fund, the Rebate Fund, the Bond Fund (and within such Bond Fund, the Tax-Exempt Bond Account and the Taxable Bond Account), the Surplus Fund, the Redemption Fund (and within such Redemption Fund, the Tax-Exempt Bond Redemption Account and the Taxable Bond Redemption Account), the Operating Reserve Fund and the Expense Fund.

“Act” means the Texas Housing Finance Corporation Act, Chapter 394, Texas Local Government Code, et seq., as amended.

“Agreement” means this Bond Purchase Agreement, as amended from time to time.

“Assignment of Capital Contributions” means that certain Assignment of Capital Contributions dated as of November 1, 2018, from the Borrower to the Trustee.

“Assignment of Leases” means that certain Assignment of Rents, Leases and Other Income to be dated as of November 1, 2018, from the Borrower to the Trustee.

“Assignment of Management Agreement and Consent” means that certain Assignment of Management Agreement to be dated as of November 1, 2018, from the Borrower to the Trustee, together with the consent of the manager of the Project.

“Assignment of Project Documents” means that certain Assignment of Project Documents to be dated as of November 1, 2018, from the Borrower to the Trustee.

“Assignment of VASH Contract” means that certain Assignment of VASH Contract dated as of November 1, 2018, from the Borrower to the trustee, with the consent of [HUD] [the contract administrator].

“Bonds” means, collectively, the Tax-Exempt Bonds and the Taxable Bonds.

“Borrower” means Elysium Grand, LP, a limited partnership duly organized, validly existing and in good standing under the laws of the State, together with its permitted successors and assigns hereunder.

“Borrower Documents” means, collectively, this Agreement, the Loan Agreement, the Regulatory Agreement, the Mortgage, the Note, the Assignment of Leases, the Environmental Indemnity, the Assignment of Project Documents, the Assignment of Management Agreement and Consent, the Assignment of Capital Contributions, the Assignment of VASH Contract, the Replacement Reserve, the Ground Lease and all other agreements, documents and certificates as may be required to be executed and delivered by the Borrower to carry out, give effect to, and consummate the transactions contemplated by this Agreement or by the other Borrower Documents.

"Business Day" means any day on which the offices of the Trustee are open for business and on which The New York Stock Exchange is not closed.

"Closing" means the proceeding at which the actions described in Section 8 are performed.

"Closing Date" means the date on which the Closing takes place.

"Developer Fee Pledge" means that certain [Limited Guaranty,] Pledge and Security Agreement to be dated as of November 1, 2018 from _____ in favor of the Trustee.

"Engineering Consultant" means _____, or any other engineering consultant chosen by the Originator.

"Environmental Indemnity" means that certain Environmental Indemnity Agreement to be dated as of November 1, 2018, from the Borrower and the Guarantors for the benefit of the Trustee.

"General Partner" means Elysium Grand GP, LLC, a limited liability company duly organized and validly existing under the laws of the State, together with its permitted successors and assigns.

"General Partner Pledge" means that certain Limited Guaranty, Pledge and Security Agreement dated as of November 1, 2018 from the General Partner in favor of the Trustee.

"Ground Lease" means that certain Ground Lease dated as of November 1, 2018 between the Housing Authority of the City of Austin, as landlord, and the Borrower, as tenant.

"Guarantors" means collectively, jointly and severally, Xpert Design and Construction LLC, a limited liability company organized and existing under the laws of the Commonwealth of Kentucky, HLD Texas, LLC, a limited liability company organized and existing under the laws of the State of _____, Saigebrook Elysium, LLC, a limited liability company organized and existing under the laws of the State of _____, O-SDA Elysium, LLC, a limited liability company organized and existing under the law of the State of _____, Chris Dischinger, an individual and a resident of the State of _____, Megan Lasch, an individual and a resident of the State of _____, and Lisa Stephens, an individual and a resident of the State of _____, together with their respective heirs, executors, personal and legal representatives, successors and assigns.

"Guarantor Documents" means, collectively, that certain Guaranty of Recourse Obligations to be dated as of November 1, 2018, that certain Guaranty of Debt Service and Stabilization to be dated as of November 1, 2018, that certain Guaranty of Completion to be dated as of November 1, 2018, from the Guarantors for the benefit of the Trustee, the Developer Fee Pledge and the Environmental Indemnity.

"HUD" means the United States Department of Housing and Urban Development.

"Indenture" means that certain Indenture of Trust to be dated as of November 1, 2018, between the Issuer and the Trustee.

"Issuer" means Austin Housing Finance Corporation, a public non-profit housing finance corporation duly organized and validly existing under the laws of the State, together with its successors and assigns.

"Issuer Documents" means, collectively, the Indenture, the Loan Agreement, the Regulatory Agreement and this Agreement.

“Loan Agreement” means that certain Loan Agreement to be dated as of November 1, 2018, between the Issuer and the Borrower and assigned to the Trustee.

“Majority Owner Representative” means Red Stone A7 LLC, a Delaware limited liability company.

“Mortgage” means that certain Fee and Leasehold Deed of Trust, Assignment of Rents, Security and Fixture Filing (With Power of Sale) Agreement to be dated as of November 1, 2018, from the Borrower and Housing Authority of the City of Austin, to a trustee for the benefit of the Trustee.

“Note” means the promissory note to be dated the date of issuance of the Bonds from the Borrower to the Issuer and endorsed to the Trustee, relating to the Bonds.

“Originator” means Red Stone A7 LLC, a Delaware limited liability company.

“Project” means that certain 90-unit multifamily housing facility with related amenities and site improvements and related personal property and equipment located in Austin, Travis County, Texas, the acquisition, construction and equipping of which are being financed in part with the proceeds of the Bonds.

“Purchaser” means Deutsche Bank AG, New York Branch, or its designee or nominee, together with their respective permitted successors and assigns hereunder.

“Regulatory Agreement” means that certain Regulatory and Land Use Restriction Agreement dated as of November 1, 2018, among the Issuer, the Trustee and the Borrower.

“Replacement Reserve” means that certain Replacement Reserve and Security Agreement dated as of November 1, 2018, between the Borrower and the Trustee.

“Resolution” means the resolutions adopted by the Issuer on November 7, 2018, relating to the transactions contemplated by this Agreement.

“Sole Member” means Austin Affordable Housing Corporation, a nonprofit corporation duly organized and validly existing under the laws of the State, together with its successors and assigns.

“State” means the State of Texas.

“Subordinate Debt” means that certain subordinate loan in the original principal amount of [\$3,320,000] from the Austin Housing Finance Corporation to the Borrower.

“Subordinate Debt Documents” means the documents evidencing, securing or related to the Subordinate Debt.

“Taxable Bonds” means those certain Austin Housing Finance Corporation Taxable Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018B, to be issued in the original aggregate principal amount of [\$1,300,000].

“Tax-Exempt Bonds” means those certain Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018A, to be issued in the original aggregate principal amount of [\$10,000,000].

“Title Company” means Old Republic National Title Insurance Company.

"Trustee" means BOKF, NA, a national banking association duly organized and validly existing under the laws of the United States of America, or its successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

"Trustee Documents" means the Indenture, the Loan Agreement, the Regulatory Agreement and all other agreements, documents and certificates as may be required to be executed and delivered by the Trustee to carry out, give effect to, and consummate the transactions contemplated by this Agreement and the other Trustee Documents.

"Underwriter" means FMSbonds, Inc.

"VASH Contract" means that certain Veterans Affairs Supportive Housing Contract dated _____, 2018, between the Borrower and HUD.

"You" and similar terms refer collectively to the Issuer and the Borrower.

EXHIBIT B

Terms of Bonds

1. Titles of Bonds: [\$10,000,000] Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018A
[\$1,300,000] Austin Housing Finance Corporation Taxable Multifamily Housing Revenue Bonds (Elysium Apartments) Series 2018B
2. Purchase Price of Bonds: [\$10,000,000] for Tax-Exempt Bonds
[\$1,300,000] for Taxable Bonds
3. Basic Bond Terms:
 - (a) Date of the Bonds: November __, 2018
 - (b) Interest Payment Dates: First Business Day of each month commencing December 3, 2018
 - (c) Aggregate Principal Amount of Bonds: [\$10,000,000] for Tax-Exempt Bonds
[\$1,300,000] for Taxable Bonds
 - (d) Maturity Date for Bonds: November 1, 2058 for Tax-Exempt Bonds
November 1, 2048 for Taxable Bonds
 - (e) Bondholder right to demand redemption: Bondholders will have a right to require redemption of Bonds in whole at par on or after January 1, 2034
 - (f) Interest Rate for Bonds: 5.10% per annum for Tax-Exempt Bonds
5.10% per annum for Taxable Bonds
 - (g) Special Redemption Provisions:
 - (i) sinking fund: on a quarterly basis to be deposited into the Redemption Fund on the dates and in the amounts shown on Schedule 3 to Loan Agreement.
 - (ii) optional prepayment of Tax-Exempt Bonds: no optional prepayment will be permitted prior to January 1, 2029; from January 1, 2029 until December 31, 2032, Tax-Exempt Bonds may be optionally redeemed at the redemption price equal to 101% of the principal amount thereof, plus the amount of any terminate or breakage fees or prepayment penalties owed under any financing facilities or hedging arrangements, plus interest accrued thereon to, but not including, the redemption date; from and after January 1, 2033; Tax-Exempt Bonds may be optionally redeemed at the redemption price equal to 100% of the principal amount thereof, plus interest thereon to, but not including, the redemption date.

(iii) optional prepayment of Taxable Bonds: no optional prepayment will be permitted prior to _____ 1, 20__; thereafter, Taxable Bonds may be optionally redeemed at the redemption price equal to 100% of the principal amount thereof, plus interest thereon to, but not including, the redemption date.

(iv) mandatory redemption: as set forth in the Indenture

(h) CUSIP#: _____ for Tax-Exempt Bonds
_____ for Taxable Bonds

4. Certain Required Funded Accounts:

- (a) Tax and Insurance Escrow – deposits to commence upon Stabilization
- (b) Replacement Reserve - deposits to commence upon Stabilization
- (c) Operating Reserve Fund – [\$509,067], to be deposited on or before Stabilization
- (d) Project Fund - funds sufficient to pay all estimated costs of construction shall be deposited into the Indenture at Closing or be paid during the construction period pursuant to the Borrower's partnership agreement or the Subordinate Debt Documents

5. Time of Closing: 1 p.m., Eastern Time .

- (a) Date of Closing: November __, 2018
- (b) Place of Closing: McCall Parkhurst & Horton LLP, Dallas, Texas
- (c) Delivery of Bonds: Through DTCC's book-entry only system

EXHIBIT C

Matters to be Covered by Opinions of Counsel to the Borrower, the General Partner, the Sole Member and the Guarantor

1. **Organization and Qualification.** The Borrower is duly formed and validly existing as a limited partnership under the laws of the State of Texas. The General Partner is duly formed and validly existing as a limited liability company under the laws of the State of Texas. The Sole Member is a duly formed and validly existing nonprofit corporation under the laws of the State of Texas. [Add similar opinions for Guarantors who are not natural persons.]

2. **Authority and Authorization.** Each of the Borrower, the General Partner and the Sole Member has all requisite power and authority to execute and deliver the Borrower Documents to which it is a party and the General Partner Pledge and to perform its obligations under the Borrower Documents to which it is a party and the General Partner Pledge, and all such action has been duly and validly authorized by all necessary action on its part. Each of the Guarantors has all requisite power and authority to execute and deliver the Guarantor Documents and to perform its obligations under the Guarantor Documents, and all such action has been duly and validly authorized by all necessary action on its part.

3. **Execution and Binding Effect.** The Borrower Documents have been duly and validly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with the terms thereof, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights. The General Partner Pledge has been duly and validly executed and delivered by the General and constitute legal, valid and binding obligations of the General Partner, enforceable in accordance with the terms thereof, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights. The Guarantor Documents have been duly and validly executed and delivered by the Guarantors and constitute the legal, valid and binding obligation of the Guarantors, enforceable in accordance with the terms thereof, except as such, enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights.

4. **Authorization and Filings.** No authorization, consent, approval, license, exemption or other action by, and no registration, qualification, designation, declaration or filing with, any governmental authority is or will be necessary in connection with the execution and delivery of the Borrower Documents, the General Partner Pledge or the Guarantor Documents, or the consummation of the transactions contemplated or performance of, the General Partner Pledge or compliance with the terms and conditions thereof, other than the recordings and filings referred to in paragraphs 7, 8 and 9 below.

5. **Absence of Conflicts.** To the best of counsel's knowledge, neither the execution and delivery of the Borrower Documents, the General Partner Pledge and the Guarantor Documents, nor consummation of the transactions therein contemplated, nor performance of or compliance with the terms and conditions thereof will (a) violate any Legal Requirement, or (b) conflict with or result in a breach of or a default under the organizational documents of the Borrower, the General Partner, the Sole Member or any Guarantor, or any agreement or instrument to which any of such parties is a party or by which any of such parties or any of their properties (now owned or hereafter acquired) may be subject or bound.

6. **Litigation.** To the best of counsel's knowledge after due inquiry, there is no pending or threatened proceeding by or before any governmental authority against or affecting the Borrower, the General Partner, the Sole Member, the Guarantors, the Project Facilities or any of the

Borrower's affiliates which, if adversely decided, would have a material adverse effect on the business, operations, condition (financial or otherwise) or prospects of the Borrower, the General Partner, the Sole Member or the Guarantors or on the ability of the Borrower, the General Partner Pledge or the Guarantors to perform their respective obligations under the Borrower Documents, the General Partner Pledge or the Guarantor Documents, as applicable, or on the operation of the Project Facilities.

7. Validity of Mortgage Liens. The Mortgage is in appropriate form for recording and, when recorded in the real estate records for Travis County, Texas, will create in favor of the Trustee a valid mortgage lien upon and security interest in the Project.

8. Validity of Assignment of Leases. The Assignment of Leases is in appropriate form for recording and, when recorded in the real estate records for Travis County, Texas, will create in favor of the Trustee a valid assignment of the rents, leases and profits of the Project.

9. Perfection of Security Interests. The Borrower Documents, the General Partner Pledge and the Developer Fee Pledge and, when filed with the Secretary of State of the State of Texas and in the real estate records of Travis County, Texas, as applicable, the UCC financing statements, will create in the Trustee valid and perfected security interests in the collateral described therein.

10. Remedies. The Borrower Documents, the General Partner Pledge and the Guarantor Documents do not omit essential remedies that in the opinion giver's experience are generally found in similar documents for mortgage loans in the State of Texas.