

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
AUSTIN HOUSING FINANCE CORPORATION §

We, the undersigned officers of the Board of Directors of Austin Housing Finance Corporation, hereby certify as follows:

1. The Board of Directors of said corporation convened in REGULAR MEETING ON THE 25th DAY OF FEBRUARY, 2016, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted officers and members of said Board, to wit:

Steve Adler, President
Ora Houston, Member
Delia Garza, Member
Sabino Renteria, Member
Gregorio Casar, Member
Ann Kitchen, Member
Don Zimmerman, Member
Leslie Pool, Member
Ellen Troxclair, Member
Kathie Tovo, Member
Sheri Gallo, Member

and all of said persons were present, except the following absentees: None, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (COLORADO CREEK APARTMENTS) SERIES 2016; 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


was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion carrying with it the adoption of said Resolution, prevailed and carried, with all members of said Board shown present above voting "Aye," except as follows:

NOES: 0

ABSTENTIONS: 0

2. A true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Resolution has been duly recorded in said Board's minutes of said Meeting; the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose.

SIGNED


Jannette S. Goodall
Secretary, Board of Directors

RESOLUTION NO. 20160225-AHFC001

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (COLORADO CREEK APARTMENTS) SERIES 2016; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS; AUTHORIZING REPRESENTATIVES OF THE AUSTIN HOUSING FINANCE CORPORATION TO EXECUTE DOCUMENTS; AND APPROVINIG 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 (Colorado Creek Apartments), Series 2016 (the "Bonds"), in one or more series in accordance with the terms of a Trust Indenture (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 fund a mortgage loan to the Borrower in order to finance the costs of acquisition and construction of the residential rental project located in Austin, Texas (the "Project") containing units occupied by persons of low and moderate income, as determined by the Issuer, 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 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, and the Borrower will execute a Regulatory and Land Use Agreement (the "Regulatory Agreement") which will be filed of record in the real property records of Travis County, Texas; and

WHEREAS, the Board has further determined that the Issuer will deliver the Bonds to IBC Bank, N.A. (the "Purchaser"); and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, and the Regulatory 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 against payment therefor. The interest rate for the Bonds will not exceed the maximum amount allowed under Texas law and the aggregate principal amount will not exceed \$25,000,000.

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, and the authorized representatives of the Issuer named in this Resolution each are authorized to execute and attest (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, 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 - 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 1.5 - 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

Section 1.6 - Power to Revise Form of Documents. The authorized representatives of the Issuer named in this Resolution each are authorized to make or approve such revisions in the form of the documents attached as, in the judgment of such authorized representative or authorized representatives, and following consultation with McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Issuer, may be necessary or convenient to carry out or assist in carrying out the purpose of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Issuer named in this Resolution.

Section 1.7 - Authorized Representatives. The President, Vice President, Treasurer and Secretary and Manager are hereby named as authorized representatives of the Issuer for purposes of executing, attesting, affixing the Issuer's seal to, and delivering the documents and instruments referred to herein.

Section 1.8 - Meeting. The meeting at which this Resolution was adopted was held on February 25, 2016 and a quorum was present. Such meeting was held in accordance with the requirements of applicable law and Issuer's bylaws.

EXHIBIT A

TRUST INDENTURE

between

AUSTIN HOUSING FINANCE CORPORATION
as Issuer

and

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee

relating to

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Colorado Creek Apartments)
Series 2016

Dated as of March 1, 2016

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TRUST INDENTURE

THIS TRUST INDENTURE (together with any amendments or supplements hereto, this "Indenture"), dated as of March 1, 2016, is made by and between AUSTIN HOUSING FINANCE CORPORATION (the "Issuer") and WILMINGTON TRUST, NATIONAL ASSOCIATION, duly organized, existing and authorized under the laws of the United States of America to accept and execute trusts of the character herein set forth, with a corporate trust office located in Dallas, Texas, as trustee (together with any successor trustee hereunder, the "Trustee"). Terms not otherwise defined in the Recitals have the respective meanings set forth in Article I.

RECITALS

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

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

WHEREAS, pursuant to the laws of the State, and particularly the Act, the Issuer has agreed to issue its revenue bonds and to lend the proceeds thereof to Austin Colorado Creek Apartments, L.P., a Texas limited partnership (the "Borrower"), for the purpose of (1) financing of the acquisition, construction, and equipping of an approximately 240-unit multifamily housing facility located at TX 130 and SH 71 in the City of Austin, Texas, to be known as Colorado Creek Apartments (the "Project"), (2) paying capitalized interest, and (3) paying a portion of the costs of issuing the revenue bonds;

WHEREAS, pursuant to and in accordance with the Act, the Issuer desires to provide funds to finance the acquisition, construction, improvement, and equipping of the Project by issuing its Multifamily Housing Revenue Bonds (Colorado Creek Apartments) Series 2016 in the aggregate principal amount of \$25,000,000 (the "Bonds"), in order to provide funds which the Issuer shall use to make a loan (the "Loan") to the Borrower to finance a portion of the costs of the Project;

WHEREAS, under the terms of the Loan Agreement dated as of March 1, 2016 (the "Agreement" or "Loan Agreement"), by and between the Issuer and the Borrower, the Issuer has

agreed to make the Loan to the Borrower and the Borrower has agreed to the repayment of the sums borrowed pursuant thereto and the Borrower has executed, or caused to be executed, the Note, the Mortgage and the other Loan Documents with respect to the Project;

WHEREAS, in order to provide the funds necessary to enable the Issuer to fund the Loan, the Issuer has, pursuant to the Act, authorized (a) the issuance of the Bonds pursuant to this Indenture for the purpose of providing financing for the Project by making the proceeds of the Bonds available to fund the Loan to the Borrower in the aggregate principal amount of \$25,000,000, and (b) the execution and delivery of this Indenture to establish the terms of the Bonds and the security for the Bonds;

WHEREAS, the Loan will be evidenced by a promissory note related to the Bonds (the "Note"), to be secured by the Mortgage and otherwise evidenced and secured by certain of the other Loan Documents;

WHEREAS, the Bonds issued under this Indenture will be secured by an assignment and pledge of all right, title and interest of the Issuer other than the Unassigned Issuer Rights in and to the Agreement and the Note and the Leasehold Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing with Joinder of Fee Owner, dated as of March 1, 2016 (the "Mortgage"), from the Borrower (and joined by the Fee Owner) to the Trustee and delivered on the Closing Date;

WHEREAS, the execution and delivery of this Indenture and the issuance and sale of the Bonds have been in all respects duly and validly authorized by the Bond Resolution;

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

WHEREAS in order to provide for restrictions on the use of the Project to preserve the excludability of interest on the Bonds from gross income for federal income tax purposes, the Issuer, the Borrower and the Trustee will execute the Regulatory Agreement and Declaration of Restrictive Covenants dated as of March 1, 2016 (the "Regulatory Agreement") and the Borrower's Tax Agreement and cause the Regulatory Agreement to be recorded in the real property records of the Travis County, Texas;

WHEREAS the Issuer has executed this Indenture for the purpose of authorizing and securing the Bonds and prescribing the terms thereof and the conditions, terms, trusts and provisions upon the basis of which the Bonds will be delivered and held;

WHEREAS the Bonds, the certificates of registration and authentication to be endorsed on the Bonds and the form of assignment to be endorsed on the Bonds are to be in substantially the forms, with appropriate variations, omissions and insertions as permitted or required by this Indenture described on Exhibit A; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when authenticated by the Trustee and duly issued as provided in this Indenture, the valid, binding and legal limited obligations of the Issuer, and to constitute this Indenture a valid and

binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized; and

WHEREAS, the Trustee has agreed to accept the trusts herein created upon the terms set forth herein.

NOW, THEREFORE, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created, of the purchase and acceptance of the Bonds by the Initial Purchaser thereof, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the performance and observance by the Issuer of all the covenants expressed and obligations expressed or implied herein and in the Bonds, does hereby irrevocably **GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN and DELIVER** in trust to the Trustee and its successors and assigns in trust forever all of the Issuer's right, title and interest in and to the money, rights and properties described in the Granting Clauses, as follows, to wit:

GRANTING CLAUSES

CLAUSE A

All money in and investments of all funds created in this Indenture (other than the Rebate Fund, the Cost of Issuance Fund and the Administrative Expenses Account, all of which shall not be subject to the lien of this Indenture).

CLAUSE B

All of the Issuer's right, title and interest in, to and under the Loan Agreement, the Note and the Mortgage, including all payments due under the Loan Agreement and the Note, and the right to receive the same other than the Unassigned Issuer Rights.

CLAUSE C

Any and all property, rights and interests of every kind or description which from time to time hereafter may be sold, transferred, conveyed, assigned, pledged, mortgaged or delivered to the Trustee as additional security hereunder, including by any deed in lieu of foreclosure.

CLAUSE D

All of the Issuer's right, title and interest in, to and under any Additional Security.

TO HAVE AND TO HOLD the Trust Estate whether now owned or held or hereafter acquired, unto the Trustee and its successors or assigns, forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, (except as otherwise specifically provided herein) for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds, including without limitation, the Initial Purchaser during the period while it is holding the Bonds, without privilege, priority or

distinction as to the lien or otherwise with respect to any of the Bonds over any of the other Bonds.

PROVIDED, HOWEVER, that if the Issuer shall comply with the provisions of Article XII hereof or shall otherwise well and truly pay or cause to be paid the principal of, premium, if any, and interest due or to become due on the Bonds, at the times and in the manner specified therein, according to the true intent and meaning thereof, and shall well and truly keep and observe all the covenants and conditions in this Indenture expressed to be kept, performed and observed by the Issuer, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease, terminate and be void, and the Trustee in such case, on demand of the Issuer or the Borrower, upon payment to the Trustee and the Issuer of their fees, costs and expenses, shall execute and deliver to the Borrower in accordance with the terms hereof such deeds, discharges and satisfactions prepared by the Issuer or the Borrower as shall be requisite to discharge the lien hereof and to convey to the Borrower all interests held by the Trustee pursuant to the terms hereof, otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds shall be issued, authenticated and delivered, and the Trust Estate shall be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Issuer and the Borrower (by execution of the Loan Agreement) have agreed and covenanted and do hereby, and by the Loan Agreement, agree and covenant with the Trustee and with the respective owners, from time to time, of the Bonds, or any part thereof, as follows:

ARTICLE I DEFINITION OF TERMS

Section 1.01. Definitions. The capitalized terms used herein that are included as defined terms in the Loan Agreement and the Regulatory Agreement shall have the same meanings defined for and assigned to them in the Loan Agreement and the Regulatory Agreement. The following additional, defined terms shall have the following meanings.

“Act” means Chapter 394, Texas Local Government Code, all as now in effect and as it may from time to time hereafter be amended or supplemented.

“Additional Security” means any letter of credit, guarantee agreement, mortgage-backed security, insurance policy or other security for the Bonds.

“Administrative Expenses” means the Issuer Fee, the Trustee Fee, the Rebate Analyst Fee, the Servicer Fee, the Financial Monitor’s Fee, and the Costs of Issuance.

“Administrative Expenses Account” means the account by that name within the Bond Fund established pursuant to Section 5.05.

“Assignment of Unrecorded Leases and Rents” means the Assignment of Unrecorded Leases and Rents dated as of March 1, 2016, from the Borrower to the Trustee with respect to the Project.

“Authorized Denomination” means \$100,000 plus any integral multiple of \$.01 in excess thereof while the Bonds are not rated “A” or higher by a Nationally Recognized Rating Agency, and \$5,000 plus integral multiples of \$.01 in excess thereof while the Bonds are rated “A” or higher by a Nationally Recognized Rating Agency.

“Bond Counsel” means McCall, Parkhurst & Horton L.L.P., or any other firm of nationally recognized bond counsel experienced in tax-exempt private activity bond financing that is selected by the Issuer.

“Bond Documents” means, collectively, this Indenture, the Bonds, the Forward Bond Purchase Agreement, the Option Agreement, the Loan Documents, and the other agreements, instruments, and certifications relating to the Bonds (or any of them), together in each instance with all amendments, supplements, and restatements thereof.

“Bond Fund” means the fund by that name established pursuant to Section 5.02.

“Bond Payment Date” or *“Payment Date”* means each date on which principal or redemption price or interest shall be payable on any of the Bonds according to their respective terms.

“Bond Resolution” means the Resolution of the Issuer adopted on February 25, 2016.

“Bond Year” means the period from and including the date of issuance of the Bonds through December 1, 2016, and thereafter each annual period of twelve months ending on November 30. The last Bond Year may be a period of less than twelve months and will end on the maturity date of the Bonds (whether by redemption, acceleration or otherwise).

“Bonds” means the Issuer’s Multifamily Housing Revenue Bonds (Colorado Creek Apartments) Series 2016.

“Borrower” means Austin Colorado Creek Apartments, L.P. and its permitted successors and assigns.

“Borrower Contribution” means, collectively, (i) the amount of \$ _____ required to be deposited with the Trustee on the Closing Date to make the payments and deposits set forth in Section 6.01, (ii) all capital contributions as and when received under the Limited Partnership Agreement for deposit as described in Section 6.02, and (iii) all other amounts provided by or on behalf of the Borrower from time to time for deposit in the Borrower Contribution Account of the Project Fund.

“Business Day” means any day other than a Saturday, Sunday or a day when banks are authorized to be closed under the laws of the State of Texas or New York or the New York Stock Exchange is closed.

“Capital Expenditure” means any expenditure made or to be made by the Borrower with respect to a Project that is chargeable to a capital account of the Project.

"Cash Flow Deficiency" means an amount equal to the difference between (a) the amounts on deposit in the Bond Fund on the determination date, after taking into account investment earnings required to be transferred to the Bond Fund pursuant to Section 6.06, but excluding unscheduled transfers from any other Fund or Account, and (b) the amount required in order to make the payments, deposits or transfers due on or before the next Bond Payment Date pursuant to Section 5.02(a)(ii)(A) through (F) and (K) (provided that the Issuer has requested payment for extraordinary expenses and stated the amount thereof) or 5.02(b)(ii)(A) through (H), as applicable.

"Certificate of Completion" means the certificate indicating the Project Completion Date, delivered by the Borrower to the Trustee, the Significant Bondholder, the Financial Monitor, and the Issuer pursuant to Section 6.02(d).

"City" means Austin, Texas.

"Closing Date" means March 3, 2016, the date on which the Bonds are delivered to the Initial Purchaser.

"Code" or *"Internal Revenue Code"* means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder, or any successor to the Internal Revenue Code of 1986, as amended. Reference to any particular Code section shall, in the event of such successor Code, be deemed to be reference to the successor to such Code section.

"Collateral Assignments" means, collectively, the Assignment of Contractor Agreement, the Assignment of Development Agreement, the Assignment of Management Agreement, the Assignment of Architectural Contract, Assignment of Engineering Contract, and the Collateral Assignment of Rights to Tax Credits, Capital Contributions, Operating Reserve and Partnership Interests each in form and substance satisfactory to the Significant Bondholder and the Financial Monitor and as each may be amended or supplemented from time to time with the prior written consent of the Financial Monitor and the Significant Bondholder.

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

"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 all expenses (including attorneys' fees and any extraordinary fee of the Trustee) incurred in the realization thereof.

"Construction Loan Rate" means (i) from the Closing Date through _____, 5.0% per annum, and (ii) thereafter, 5.8% per annum.

"Costs of Issuance" has the meaning set forth in the Regulatory Agreement.

"Debt Service Coverage Determination Date" means each August 1, commencing August 1, 2018.

"Debt Service Coverage Ratio" means, unless otherwise specified, the ratio during any 12-month period, expressed as a ratio, of:

(a) The sum of Project Revenues plus interest earnings on the Bond Fund, less (i) Operating Expenses (exclusive of the Financial Monitoring Fee and the Servicer Fee), and (ii) amounts required to be deposited in the Escrow Fund, pursuant to this Indenture, all for the 12-month period in question, to

(b) The Debt Service Requirement for the Bonds for the 12-month period in question (provided that if the period in question does not include a full year of principal amortization, the principal and interest portion of the Debt Service Requirement shall mean the Maximum Annual Debt Service for the Bonds).

"Debt Service Coverage Ratio Calculation Period" means the 12-month period commencing August 1 and ending July 31 of the following year.

"Debt Service Requirement" means, for any specified period:

(a) Amounts needed to pay scheduled payments of principal of the Bonds during such period;

(b) Amounts needed to pay interest on the Bonds payable during such period; and

(c) Amounts needed to pay the Issuer Fee, the Rebate Analyst Fee, the Trustee Fee, the Servicer Fee and the Financial Monitor Fee during such period.

"Default Rate" means an annual interest rate equal to the applicable interest rate on the Note plus 10%, but in no case in excess of the Maximum Interest Rate.

"Determination of Taxability" means the occurrence of any of the following:

(a) The entry of (i) a final decree or judgment of any federal court, not subject to appeal, or (ii) a final action of the Internal Revenue Service, not subject to appeal, that determines that interest paid or payable on any Bond is or was includable in the gross income of an Owner for federal income tax purposes (other than interest on any Bond for a period during which such Bond is held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person" to such a "substantial user," as such terms are used in Section 147(a) of the Code, and irrespective of such forms of taxation as branch profits tax on foreign corporations), if no longer subject to any contest or appeal;

(b) The receipt by any present or former owner of a Bond, the Trustee or the Issuer of a "notice of deficiency" issued by the Internal Revenue Service or any similar notice assessing a tax in respect of any interest on Bonds on the basis that such interest was includable in gross income (other than interest on any Bond for a period during which such Bond is held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person" to such a "substantial user," as such terms are used in Section 147(a) of the Code, and irrespective of such forms of taxation as branch profits tax on foreign corporations), if no longer subject to any contest or appeal; or

(c) The execution of a settlement agreement between the Internal Revenue Service and any present or former Owner, the Trustee, or the Issuer under which a tax, penalty or interest

in respect of any interest on the Bonds is to be assessed on the basis that such interest was includable in gross income (other than interest on any Bond for a period during which such Bond is held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person" to such a "substantial user," as such terms are used in Section 147(a) of the Code, and irrespective of such forms of taxation as branch profits tax on foreign corporations), if no longer subject to any contest or appeal;

provided, however, that no such decree, action, agreement or notice will be considered a "Determination of Taxability" for any purpose hereunder unless the Borrower has been given written notice and, if it is so desired and is permitted by law, has been afforded the opportunity to contest the same, either directly or in the name of any Owner of a Bond, and until conclusion of any appellate reviews, including judicial decisions and appeals therefrom as may be sought and legally available.

"DTC" means The Depository Trust Company, New York, New York, as initial Securities Depository for the Bonds pursuant to Section 2.10 hereof or its successors.

"Eligible Investments" means any of the following which at the time of investment are legal investments under the Act and the laws of the State for the money proposed to be invested therein: (i) Federal Securities; (ii) certificates of deposit or time deposits of any bank (including without limitation the Trustee or any of its affiliates), except that for any bank other than the Initial Purchaser for so long as the Initial Purchaser is the Significant Bondholder, investments may be made only in certificates of deposit or time deposits which are (A) insured by the Bank Insurance Fund or the Savings Association Insurance Fund as administered by the Federal Deposit Insurance Corporation, if then in existence; (B) continuously and fully secured by securities described above, which have a value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; or (C) issued by a bank whose outstanding unsecured long-term debt is rated at the time of issuance no lower than the Third Highest Rating Category by two (2) nationally recognized rating agencies; (iii) short-term obligations of corporations organized in the United States of America with assets exceeding \$500,000,000, if (A) such obligations are rated on the date of purchase and at any time held by the Trustee no lower than the Third Highest Rating Category established by at least two (2) nationally recognized rating services (without regard to any rating refinement or gradation by numerical or other modifier), and which mature not later than 180 days from the date of purchase, (B) such purchases do not exceed ten percent (10%) of such corporations' outstanding obligations, and (C) no more than one-third of the money relating to the Bonds is so invested; (iv) interests in money market mutual funds registered under the Investment Company Act of 1940, as from time to time amended; provided, that the governing instrument or order directs, requires, authorizes or permits investment in Federal Securities; provided further, that the portfolio of any such money market fund is limited to Federal Securities or to repurchase agreements fully collateralized by such Federal Securities; (v) short-term discount obligations of the Federal National Mortgage Association; (vi) bonds, notes or other obligations issued by any state, unit of local government or school district, which obligations are rated on the date of purchase and at any time held by the Trustee no lower than the Second Highest Rating Category (without regard to rating refinement or gradation by numerical or other modifier) by a nationally recognized rating service; (vii) investment agreements constituting an obligation of a bank (including the Trustee or any of its affiliates), whose outstanding unsecured long-term debt is

rated no lower than the Third Highest Rating Category by two (2) nationally recognized rating agencies; and (viii) any other investments permitted by law if such investments are (A) rated on the date of purchase and at any time held by the Trustee no lower than the Second Highest Rating Category (without regard to rating refinement or graduation by numerical or other modifier) established by a nationally recognized rating service, or (B) approved in writing by the Significant Bondholder.

“Environmental Indemnity” means, collectively, the Environmental Indemnity made by Borrower for the benefit of the Issuer and the Trustee and any other environmental indemnity made by the Borrower for the benefit of the Initial Purchaser and/or the Permeant Term Purchaser.

“Escrow Fund” means the fund by that name established pursuant to Section 5.13.

“Event of Default” means any of the events described in Section 8.01.

“Favorable Opinion of Bond Counsel” means, with respect to any action the taking of which requires such an opinion, an opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds or such other customary exceptions that are acceptable to the recipient thereof).

“Financial Monitor” means America First Real Estate Group, LLC, a Nebraska limited liability company, its successors and assigns, and any successor Financial Monitor engaged by the Trustee in accordance with Section 5.05 of the Loan Agreement.

“Financial Monitor Fee” means an annual fee of \$5,000.00 payable semiannually in equal installments on each June 1 and December 1, commencing June 1, 2016, and continuing until such time (if ever) that the Borrower and the Financial Monitor agree otherwise, and (ii) the amounts payable to the Financial Monitor for construction-related disbursing and inspection services as described in the Financial Monitoring Agreement, which amounts shall be paid from time to time as required under the Financial Monitoring Agreement.

“Financial Monitoring Agreement” means the Financial Monitoring Agreement and Disbursing Agreement dated as of March 1, 2016, between the Borrower and the Financial Monitor, as amended, modified, supplemented or restated from time to time or any agreement entered into in substitution therefor.

“Financing Statements” means the UCC-1 or equivalent statements to be filed with the appropriate offices for the perfection of a security interest in the Project.

“Fiscal Year” means the fiscal year of the Borrower which commences each January 1 and ends on December 31.

“Fitch” means Fitch Ratings, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, shall be deemed to refer

to any other nationally recognized rating agency selected by the Borrower and approved by the Issuer.

"Forward Bond Purchase Agreement" means the Forward Bond Purchase Agreement among the Initial Purchaser, the Permanent Term Purchaser and the Borrower, relating to the Bonds.

"Government Securities" means direct obligations of, and obligations the principal of and interest on which are unconditionally guaranteed as to timely payment by, the United States of America.

"Guaranty" means collectively that certain Guaranty of Completion and those certain Guaranty Agreements and all other related agreements executed by the guarantors/pledgors thereof for the benefit of the Initial Purchaser in connection with the Bonds, including without limitation, Initial Purchaser any agreement or agreements in connection with this transaction.

"Housing Consultant" means an individual or entity, acceptable to the Significant Bondholder, if any, or if there is no Significant Bondholder, the Financial Monitor that is independent of the Borrower and of recognized expertise in matters pertaining to the operation and management of multifamily housing financed with tax-exempt bonds and through other federal and state programs.

"Initial Bond" means the initial Bond registered by the Comptroller and subsequently canceled and replaced by a definitive Bond pursuant to this Indenture.

"Initial Purchaser" means International Bank of Commerce, a Texas state banking corporation.

"Insurance and Condemnation Proceeds Fund" means the fund by that name established pursuant to Section 6.04.

"Insurance Proceeds" means the total proceeds of insurance actually paid or payable by an insurance company in respect of casualty and other nonliability insurance on the Project, less all expenses (including attorneys' fees and any extraordinary fees of the Trustee) incurred in the realization thereof.

"Interest Account" means the account by that name within the Bond Fund established pursuant to Section 5.02.

"Interest Payment Date" means the first day of each month, commencing May 1, 2016, or with respect to any Bonds called for redemption or subject to tender for purchase, the date of redemption or purchase and the maturity date of any Bond.

"Interest Period" means initially the period from, the Closing Date, to, but not including, the first Interest Payment Date and thereafter the period from and including each Interest Payment Date to but not including the next Interest Payment Date.

"Interest Rate" means the Construction Loan Rate or the Permanent Loan Rate, as applicable.

"Interest Requirement" means, with respect to the Bonds, an amount equal to the interest due and payable on the Interest Payment Date next succeeding the date of determination (assuming that no principal of Bonds is paid or redeemed between such date and the next succeeding Interest Payment Date).

"Investor Limited Partner" means 42EP _____, LP, and its successors.

"Issuer" means the Austin Housing Finance Corporation and any successor body to the duties or functions of the Issuer.

"Issuer Fee" means an initial fee of \$125,000, due and payable on the Closing Date, and the annual prorated amount payable January 1 of each year beginning January 1, 2017 to the Issuer for its ordinary monitoring fees and expenses under the Indenture in an amount equal to the greatest of (a) .0003 times the amount of Bonds Outstanding on January 1 of each year, (b) \$12 times the number of units in the Project, and (c) \$1,200 per year..

"Issuer Documents" means this Indenture and the Loan Documents to which the Issuer is a party.

"Limited Partnership Agreement" means the Amended and Restated Limited Partnership Agreement of the Borrower dated as of March 1, 2016.

"Loan" means the loan of the proceeds of the Bonds from the Issuer, as lender, to the Borrower, as Borrower, with respect to the Project, evidenced by the Note and secured by the Mortgage and certain other Loan Documents, for the purpose of financing the acquisition, construction and equipping of the Project.

"Loan Agreement" means the Loan Agreement dated as of March 1, 2016, between the Issuer and the Borrower, as amended, modified, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

"Loan Documents" means the Loan Agreement, the Servicing Agreement, the Financial Monitoring Agreement, the Note, the Ground Lease, the Mortgage, the Financing Statements, the Regulatory Agreement, the Assignment of Unrecorded Leases and Rents, the Collateral Assignments, the Environmental Indemnity, the Guaranty, the Tax Agreement and all other documents executed in connection with or securing the Loan.

"Maturity Date" means April 1, 2033.

"Maximum Annual Debt Service" means as of any date of calculation the highest principal and interest payment requirements with respect to all Outstanding Bonds for any succeeding Bond Year except the Bond Year in which the Bonds mature and the year in which any mandatory tender for purchase of the Bonds occurs.

"*Maximum Interest Rate*" means the interest rate equal to the lesser of: (a) 15% per annum, or (b) the maximum interest rate permitted under applicable law.

"*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 for any reason no longer perform the functions of a securities rating agency, Moody's shall be deemed to refer to any other nationally recognized rating agency selected by the Borrower and approved by the Issuer.

"*Mortgage*" means the Leasehold Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing with Joinder of Fee Owner, together with all exhibits, dated as of March 1, 2016, from the Borrower (and joined by the Fee Owner) to the deed of trust trustee named therein for the benefit of the Trustee with respect to the Project, as amended, modified, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

"*Net Casualty Proceeds*" means, when used with respect to any Insurance Proceeds or Condemnation Award, the gross proceeds from such Insurance Proceeds or Condemnation Award, less all expenses (including attorneys' fees and any extraordinary fee of the Trustee) incurred in the realization thereof.

"*Net Project Revenues*" means the Project Revenues minus Operating Expenses.

"*Notice Address*" means the following:

As to the Issuer: Austin Housing Finance Corporation
1000 E. 11th Street
Austin, Texas 78702
Attn: David Potter
Telephone: 512-974-3100

As to the Borrower: Austin Colorado Creek Apartments, L.P.
c/o _____

Attention: _____
Telephone: _____

With a copy to: Shackelford, Melton, McKinley & Norton, LLP
3333 Lee Parkway, Tenth Floor
Dallas, Texas 75219
Attention: John Schackelford
Telephone: (214) 780-1400

Facsimile: (214) 780-1405

As to the Trustee:

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 550
Dallas, Texas 75248
Attention: Dayna L. Smith, Assistant Vice-President
Telephone: (972) 383-3154
Facsimile: (972) 385-0844

As to the Investor
Limited Partner:

42EP _____, LP
1140 Avenue of the Americas
New York, New York 10036
Attention: E. Michael Haynes, Jr.
Telephone: (303) 906-7515
Facsimile: (646) 380-6601

With a copy to:

Balch & Bingham LLP
1901 Sixth Avenue North, Suite 1500
Birmingham, Alabama 35203
Attention: Matthew A. Aiken
Telephone: (205) 226-3425
Facsimile: (205) 488-5649

As to the Initial
Purchaser

International Bank of Commerce
Attn: Sergio Gonzalez
1600 Ruben Torres Blvd.
Brownsville, Texas 78526
Telephone: (956) 547-1000
Facsimile: (956) 547-1029

With a copy to:

Martin & Drought, P.C.
Attn: M. C. Cottingham Miles
300 Convent St., Suite 2500
San Antonio, Texas 78205
Telephone: (210) 227-7591
Facsimile: (210) 227-7924

As to the Permanent
Term Purchaser, the
Financial Monitor or
the Servicer:

America First Multifamily Investors, L.P.
1004 Farnam Street, Suite 400
Omaha, Nebraska 68102
Attention: Andy Grier
Telephone: (402) 930-3076

With a copy to: Kutak Rock LLP
8601 N. Scottsdale Rd. Suite 300
Scottsdale, AZ 85253
Attention: Tim Nash
Telephone: (480) 429-4882

"Operating Budget" means an operating budget for the Project prepared in accordance with Section 5.09 of the Loan Agreement.

"Operating Expenses" means, for any period, expenses incurred in connection with the operation and maintenance of the Project, including the Issuer Fee, the Trustee Fee, the Financial Monitoring Fee, the Servicer Fee, the Rebate Analyst Fee and any Project Manager fees (determined on an accrual basis) during such period, but excluding (a) Debt Service Requirements, (b) any loss resulting from any extraordinary items, (c) Capital Expenditures budgeted for such period and Capital Expenditures in excess thereof paid from Net Casualty Proceeds and/or from insurance proceeds or reserves or from the Replacement Reserve Fund, or (d) payments made from the Escrow Fund.

"Opinion of Counsel" means an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion, that is acceptable to the Issuer, the Trustee, the Financial Monitor and the Significant Bondholder.

"Option Agreement" means the Option Agreement dated the Closing Date, between the Initial Purchaser and the Permanent Term Purchaser.

"Outstanding," "Outstanding under this Indenture" or "Outstanding hereunder" means, when used with reference to the Bonds, as of any particular date, the aggregate of all Bonds authenticated and delivered under this Indenture, except:

(a) Bonds canceled or surrendered to the Trustee for cancellation on or prior to such date;

(b) Bonds for the redemption of which money shall have been theretofore deposited with the Trustee; provided, however, that notice of such redemption shall have been given as provided in Article IV;

(c) Bonds for the payment of which money or Government Securities shall have been theretofore deposited with the Trustee in an amount sufficient to pay when due the principal amount thereof and interest thereon; and

(d) Bonds otherwise deemed to be paid in accordance with this Indenture.

In determining whether the Owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of this Indenture, Bonds which are owned or held by or for the account of the Borrower (or any of its partners) shall be disregarded and deemed not to be Outstanding under this Indenture for the purpose of any such determination unless all Bonds are owned or held by or for the account of the Borrower (or any of its partners). In determining

whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which are registered in the name of or known by the Trustee to be held for the account of the Borrower shall be disregarded.

"Owner" or *"Owners"* or *"Bondholders"* or *"Bondowners"* means the registered owner, or owners, of the Bonds.

"Paying Agent" means Wilmington Trust, National Association, or any successor Paying Agent.

"Permanent Loan Rate" means five and eight tenths percent (5.8%) per annum.

"Permanent Term Purchaser" means America First Multifamily Investors, L.P., a Delaware limited partnership, and its permitted successors, assigns, transferees, and designees.

"Principal Account" means the account by that name in the Bond Fund established pursuant to Section 5.02.

"Principal Requirement" means an amount equal to the regularly scheduled principal that is due and payable on the Interest Payment Date next succeeding the date of determination, whether by maturity or by mandatory sinking fund redemption.

"Project Completion Date" means the date of actual completion of the construction of all buildings constituting the Project and delivery of a (i) Certificate of Completion by the Borrower, but such date shall not be later than permitted under the Financial Monitoring Agreement and in no event later than June 30, 2017, and (ii) if the Initial Purchaser is then the Significant Bondholder, an Affidavit of Completion in a form reasonably approved by the Significant Bondholder, executed by the Borrower in recordable form.

"Project Condition Report" means a structural and capital needs assessment report prepared by an independent qualified entity acceptable to the Significant Bondholder, if any, or if there is no Significant Bondholder, the Financial Monitor, evaluating the physical condition of the Project and the adequacy of the Replacement Reserve Requirement.

"Project Costs" means costs of the Project authorized under the Act including for the acquisition, construction and equipping of the Project or any portion thereof, and paying Costs of Issuance.

"Project Fund" means the fund by that name established pursuant to Section 6.02.

"Project Inspector" means any third-party engineering or consulting firm hired by or on behalf of the Initial Purchaser and the Servicer in connection with the construction of the Project.

"Project Manager" means Rise Residential Management, LLC, a Texas limited liability company, as manager of the Project, or such other management company selected by the Borrower and acceptable to the Financial Monitor.

"Project Revenues" means, for any period, all cash operating and non-operating revenues of the Project, less (a) any extraordinary and nonrecurring items, (b) income derived from the sale of assets not in the ordinary course of business which is permitted under the Loan Documents, (c) security deposits of tenants (other than those forfeited), and (d) Insurance Proceeds or Condemnation Awards, but including as Project Revenues any Net Casualty Proceeds resulting from business interruption insurance or other insurance or condemnation proceeds retained by the Borrower.

"Purchaser Letter" means a purchaser letter in the form of Exhibit E of this Indenture.

"Qualified Project Costs" has the meaning set forth in the Regulatory Agreement.

"Rating Agency" or *"Nationally Recognized Rating Agency"* means any one and each of S&P, Moody's and Fitch, then rating any of the Bonds or any other nationally recognized statistical rating agency then rating any of the Bonds, which has been approved by the Significant Bondholder.

"Rebate Analyst" means a Certified Public Accountant, financial analyst or Bond Counsel, or any firm of the foregoing, or a financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and retained by the Borrower to make the computations and give the directions required pursuant to the Tax Agreement.

"Rebate Analyst Fee" means the annual fee of the Rebate Analyst.

"Rebate Fund" means the fund by that name established pursuant to Section 5.10.

"Record Date" means the close of business on the fifteenth day of the month next preceding any Interest Payment Date.

"Redemption Fund" means the fund by that name established pursuant to Section 5.07.

"Registrar" means, initially, Wilmington Trust, National Association, and any successor Registrar.

"Regulations" has the meaning set forth in the Regulatory Agreement.

"Regulatory Agreement" means that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of March 1, 2016, among the Issuer, the Trustee and the Borrower, as amended, modified, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

"Replacement Reserve Fund" means the fund by that name established pursuant to Section 5.11.

"Replacement Reserve Fund Requirement" means commencing on the fifteenth day of the month following the month in which the Stabilization Date occurs, the amount of \$300 per

unit per year as adjusted and determined in accordance with Section 5.16 of the Loan Agreement (but in no event less than \$300 per year, per unit).

"Second Highest Rating Category" means, with respect to an Eligible Investment, that the Eligible Investment is rated by each Rating Agency in the second highest rating category given by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term *"Second Highest Rating Category"* means, with respect to an Eligible Investment, that the Eligible Investment is rated by S&P or Moody's in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax-exempt municipal debt established by S&P is "AA" for a term greater than one year, with corresponding ratings by Moody's of "Aa2." If at any time (a) the Bonds are not rated, (b) both S&P and Moody's rate an Eligible Investment and (c) one of those ratings is below the Second Highest Rating Category, then such Eligible Investment will not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated "AA" by S&P and "A1" by Moody's is not rated in the Second Highest Rating Category.

"Servicer" means America First Real Estate Group, LLC, its successors and assigns, and any successor Servicer engaged by the Trustee in accordance with Section 5.15 of the Loan Agreement; provided that references to the Servicer in this Indenture and the other Bond Documents shall only be effective and applicable during periods while a Servicer has been designated and is serving in such capacity.

"Servicer Fee" means (i) an annual fee of \$1,500.00 payable in semiannual installments of \$750.00 each June 1 and December 1, commencing on the first of June 1 or December 1, as applicable, occurring after the Stabilization Date.

"Servicing Agreement" means the Servicing Agreement, dated as of March 1, 2016 to be effective as of the Stabilization Date, by and among the Borrower, Significant Bondholder, and the Servicer, as amended, modified supplemented or restated from time to time or any agreement entered into in substitution thereof.

"Significant Bondholder" means the following:

(a) For the purpose of consent, approval and any other right of action accorded to the "Significant Bondholder," (i) one owner (beneficial or otherwise) that owns more than 50% of the aggregate principal amount of the Bonds, or (ii) one or more "Qualified Institutional Buyers" (as such term is defined in Rule 144A as promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended) that are "Investment Companies" registered as such under the Investment Company Act of 1940, as amended, with a common registered "Investment Advisor" (within the meaning of the Investment Advisors Act of 1940, as amended) that in the aggregate own more than 50% of the aggregate principal amount of the Bonds; and

(b) For purposes of notice and receipt of any information to be disseminated, any Owner who owns in the aggregate either: (i) more than 50% of the aggregate principal amount of the Bonds Outstanding; or (ii) \$1,000,000 or more in principal amount of the Bonds Outstanding.

For all purposes hereunder and in the Loan Documents and so long as the Initial Purchaser owns more than 50% of the aggregate principal amount of the Bonds, the Initial Purchaser is deemed to be the Significant Bondholder.

"Stabilization" means the Project shall have been leased to bona fide residential tenants (other than the Borrower and its affiliates) in compliance with all applicable requirements of the Bond Documents and at least ninety percent (90%) of the residential rental units at the Project shall have been occupied for a period of at least ninety (90) consecutive calendar days as certified by the Borrower and approved by the Financial Monitor and all other requirements for Stabilization in Section 2.09 have been met.

"Stabilization Date" means the date on which (i) the Project achieves Stabilization and the Borrower provides written notice of Stabilization to the Trustee, the Significant Bondholder, and the Financial Monitor, and (ii) the Conversion Conditions (as defined in Section 2.09(b)) have been satisfied or, in the sole discretion of the Significant Bondholder and the Financial Monitor, waived, which date shall not be later than June 30, 2018, unless extended as set forth in Section 2.09.

"S&P" means Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall for any reason 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 selected by the Borrower and approved by the Issuer.

"State" means the State of Texas.

"Tax Agreement" means the Borrower's Federal Tax Certificate delivered to the Issuer by the Borrower on the Closing Date in which the Borrower certifies to various facts relating to the Project and the Bonds on the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

"Third Highest Rating Category" means, with respect to an Eligible Investment, that the Eligible Investment is rated by each Rating Agency in the third highest rating category given by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term "Third Highest Rating Category" means, with respect to an Eligible Investment, that the Eligible Investment is rated by S&P or Moody's in the third highest rating category given by that rating agency for that general category of security. By way of example, the Third Highest Rating Category for tax-exempt municipal debt established by S&P is "A" for a term greater than one year, with corresponding ratings by Moody's of "A2." If at any time (a) the Bonds are not rated, (b) both S&P and Moody's rate an Eligible Investment and (c) one of those ratings is below the Third Highest Rating Category, then such Eligible Investment will not be deemed to be rated in the Third Highest Rating Category. For example, an Investment rated "BBB" by S&P and "A1" by Moody's is not rated in the Third Highest Rating Category.

"Title Company" means Sendra Title Company.

"*Trustee*" means Wilmington Trust, National Association, or its successors in trust hereunder.

"*Trustee Fee*" means an initial fee of \$5,000, due and payable on the Closing Date, and the annual administration fees and expenses of the Trustee, as Trustee, Bond Registrar and Paying Agent, for the ordinary services of the Trustee rendered under this Indenture during each 12-month period which shall be \$4,500 per annum, payable annually in advance on the Closing Date, and each November 1 thereafter.

"*Trust Estate*" means all of the money, properties and rights described in Clauses A through D of the Granting Clauses hereof, including without limitation payments of or in respect of principal or interest on the Note.

"*Unassigned Issuer Rights*" means (a) all of the Issuer's right, title and interest in and to all reimbursement, costs, expenses and indemnification, (b) all rights of the Issuer to receive the Issuer Fee and any rebate amount, (c) all rights of the Issuer to receive notices, reports and other statements and to make any determination and to grant any approval or consent to anything in this Indenture, the Loan Agreement, the Regulatory Agreement and the Loan Documents requiring the determination, consent or approval of the Issuer, (d) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Borrower's Tax Agreement and in the Regulatory Agreement, (e) any and all rights, remedies and limitations of liability of the Issuer set forth in this Indenture, the Loan Agreement, the Regulatory Agreement and the Loan Documents, as applicable, 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 as provided in the Act, this Indenture, the Loan Agreement, the Regulatory Agreement and the Loan Documents, (4) the maintenance of insurance by the Borrower, (5) no liability of the Issuer to third parties, and (6) no warranties of suitability or merchantability by the Issuer, (f) all rights of the Issuer in connection with any amendment to or modification of this Indenture, the Loan Agreement, the Regulatory Agreement and the Loan Documents (but, as to the Loan Documents, only to the extent of the Unassigned Issuer Rights), (g) any and all limitations of the Issuer's liability and the Issuer's disclaimers of warranties set forth in this Indenture, the Regulatory Agreement or the Loan Agreement, and the Issuer's right to inspect and audit the books, records and permits of the Borrower and the Project, and (h) any and all rights under the Loan Agreement and the Regulatory Agreement required for the Issuer to enforce or to comply with Section 2306.186 of the Texas Government Code.

Section 1.02. Construction. In this Indenture, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture unless another document is specifically referenced.

(b) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of execution of this Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number, and vice versa.

(d) Words importing the redemption of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

(e) References in this Indenture to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignations for codification purposes.

(f) Wherever an item or items are listed after the word "including," such listing is not intended to be a listing that excludes items not listed.

(g) References to the Bonds as "tax-exempt" or to the "tax-exempt status" of the Bonds, refer to the exclusion of interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, irrespective of such forms of taxation as alternative minimum tax, environmental tax, or branch profits tax on foreign corporations, as is consistent with the approach taken in Section 59(i) of the Code.

ARTICLE II SOURCE OF PAYMENTS, GENERAL TERMS AND PROVISIONS OF THE BONDS

Section 2.01. Source of Payment.

(a) **THE BONDS AND THE INTEREST THEREON ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND DO NOT GIVE RISE TO AN INDEBTEDNESS, AN OBLIGATION, OR A LOAN OF CREDIT OF THE STATE, OR ANY MUNICIPALITY, CITY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OR A PECUNIARY LIABILITY OF THE ISSUER. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER. THE BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE NOR THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT WITH RESPECT TO THE ISSUER FROM REVENUES PLEDGED THEREFOR UNDER THIS INDENTURE, ALL AS MORE FULLY SET FORTH IN THIS INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE ISSUER, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.**

(b) No recourse under or upon any obligation, covenant or agreement contained in this Indenture or in any Bond, or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent, or any claim based thereon or otherwise in respect thereof shall be had against the City or the Issuer or any incorporator, member, director, officer, employee, agent or counsel as such, past, present or future of the Issuer or the City, either directly or through the Issuer, the Trustee or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Owner of any Bond issued hereunder, or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such incorporator, member, director, officer, employee, agent or counsel, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Owner of any Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon the Bond hereby secured or any of them is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution and the issuance of the Bonds.

(c) The Issuer shall not be required to take any action not expressly provided for herein. In addition, the Issuer shall have no obligation to review, control or oversee the activities of the Trustee in (i) collecting any amounts payable pursuant to the Loan Agreement, or (ii) making any payments on the Bonds. Furthermore, the Issuer shall not be obligated to take any action or execute any document which might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with assurance of payment or reimbursement for any expense and with reasonable indemnity for liability of the Issuer and its officers, directors, employees, agents and counsel.

(d) No agreements or provisions contained in this Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or any of its or their officers or directors or a charge against its or their general credit, or shall obligate the Issuer or any of its or their officers or directors financially in any way except with respect to the Issuer under the Loan Agreement and the application of revenues therefrom that have been pledged to the payment of the Bonds and the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement herein shall subject the Issuer, its incorporators, officers, employees, agents and counsel to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or proceeds of the Bonds. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein; provided, that no costs, expenses or other monetary relief shall be recoverable from the Issuer or its incorporators, officers, directors, employees, agents and counsel except as may be payable from the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or the proceeds of the Bonds.

Section 2.02. Medium and Place of Payment. The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America:

Principal of the Bonds at maturity or at earlier redemption is payable to the Owner upon presentation and surrender of the Bond at the designated corporate trust office of the Trustee, provided that payments of principal pursuant to a mandatory sinking fund redemption (other than the final installment due at maturity) or other partial redemption shall be made without presentation and surrender of the Bonds. Interest on the Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest on the Bonds shall be payable by wire transfer, check or draft mailed to the respective Owners thereof at the address shown on the registration books kept by the Registrar, except in the case of Owners of \$1,000,000 or more in aggregate principal amount of Bonds, to which interest may be payable by wire transfer to an account within the United States upon written instruction to the Trustee made prior to a Record Date by such Owner together with CUSIP number identification with appropriate dollar amounts for each CUSIP number.

Section 2.03. Execution, Authentication, Retirement. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of its President and attested by the manual or facsimile signature of its Secretary, and may have the seal of the Issuer affixed thereto or imprinted thereon. In case any officer of the Issuer whose signature or whose facsimile signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until such delivery, and also any Bond may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Bonds shall be delivered as physical, registered bonds, substantially in the form set forth in Exhibit A with such variations, omissions and insertions as may be required by the circumstances, be permitted or required by this Indenture, or be consistent with this Indenture and necessary or appropriate to conform to the rules and requirements of any governmental agency or any usage or requirement of law with respect thereto.

The Initial Bond shall be payable to the Initial Purchaser and registered by the Comptroller. Other than the Initial Bond, only such Bonds as shall have endorsed thereon a certificate of authentication manually executed by the Trustee substantially in the form set forth in Exhibit A shall be entitled to any security or benefit hereunder. Other than the Initial Bond, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until such certificate of authentication shall have been executed by the Trustee, and such executed certificate of authentication of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. Said certificate of authentication on any Bond shall be deemed to have been executed by the Trustee if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.04. Form of Bonds. The Bonds shall be substantially in the forms set forth in Exhibit A hereto with such variations, omissions and insertions as are permitted or required by this Indenture.

The Bonds shall be issuable only as fully registered Bonds without coupons, in Authorized Denominations. The Bonds, other than the Initial Bond, shall be registered and shall be numbered from R-1 upwards in chronological order of delivery. The Initial Bond shall be numbered I-1.

Section 2.05. Ownership. The Issuer, the Trustee, and any other person shall treat the person in whose name any Bond is registered as of the Record Date as the absolute Owner of such Bond for the purpose of making and receiving payment of the principal thereof and interest and premium, if any, thereon and neither the Issuer, the Paying Agent, the Registrar, nor the Trustee shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section 2.05 shall be valid and effectual and shall discharge the liability of the Issuer, the Paying Agent, the Registrar and the Trustee upon such Bond to the extent of the sums paid.

Section 2.06. Registration and Transfer.

(a) The Trustee is hereby appointed as the Registrar for the Bonds. So long as any Bonds remain Outstanding, the Registrar shall keep at its designated corporate trust office a register in which, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Indenture. At reasonable times and under reasonable regulations established by the Registrar and subject to applicable law providing to the contrary, such list may be inspected and copied by the Issuer, the Owners or the Borrower (or a designated representative thereof).

(b) Subject to any applicable transfer restrictions set forth in Section 2.11, each Bond shall be transferable only by presenting it at the designated corporate trust office of the Registrar for transfer purposes duly endorsed for transfer and accompanied by an assignment duly executed by the registered Owner or his duly authorized representative in the form included in the form of Bond.

(c) All Bonds shall be exchangeable upon the presentation and surrender thereof at the designated corporate trust office of the Registrar for transfer purposes for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange; provided however that, any exchange of Bonds made in connection with establishing the Stabilization Date shall be made without regard to the forgoing limitations on interest rate and aggregate principal amount. All Bonds delivered in exchange for other Bonds shall be dated so that neither gain nor loss in interest shall result from such exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section 2.06. Each exchange Bond delivered in accordance with this Section 2.06 shall constitute a contractual obligation of the Issuer and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(d) The Owner shall bear costs of any tax or other governmental charge imposed in connection with transfer or exchange of its Bonds. The Issuer or the Trustee may impose a charge against an Owner for the reimbursement of any governmental charge required to be paid

in the event that the Owner fails to provide a correct taxpayer identification number to the Trustee. The Trustee may deduct this amount from amounts otherwise payable to such Owner hereunder or under the Bonds.

(e) The Registrar shall not be required to transfer any Bond on any date which is during the period from a Record Date to the next ensuing Bond Payment Date, or during any period beginning 10 days prior to the selection by the Trustee of Bonds to be redeemed prior to maturity and ending on the date of such redemption.

Section 2.07. Cancellation. All Bonds paid or redeemed in accordance with this Indenture (excluding Bonds purchased in lieu of redemption pursuant to Section 4.10 and all Bonds in lieu of which replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be canceled and destroyed upon the making of proper records. The Registrar shall furnish the Issuer upon request with certificates of destruction of such Bonds.

Section 2.08. Replacement Bonds.

(a) Upon receipt by the Registrar of evidence satisfactory to it of the loss, theft, destruction or mutilation of any Bond and of indemnity, if required, reasonably satisfactory to the Trustee, the Issuer and the Borrower and upon surrender and cancellation of such Bond, if mutilated, the Issuer shall execute, and the Registrar shall authenticate and deliver, a new Bond of the same maturity and like tenor and bearing a different number, in lieu of such lost, stolen, destroyed or mutilated Bond. Such new Bond may bear such endorsement or distinguishing mark as may be agreed upon by the Issuer and the Registrar. The Issuer, the Trustee and/or the Registrar may require the payment of a sum sufficient to reimburse it for all reasonable expenses and fees incurred by it in connection with the issuance of each new Bond under this Section 2.08, including any indemnity required by the Issuer, the Trustee and/or the Registrar, reasonable fees and expenses of counsel and the charges of the Registrar.

(b) Bonds executed by the Issuer and authenticated and delivered by the Registrar in lieu of any lost, stolen or destroyed Bonds shall evidence and represent the identical obligations which, prior thereto, were evidenced and represented by the Bond with respect to which they are executed, authenticated and delivered, all without novation of any rights, obligations or liens pertaining thereto.

(c) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Registrar in its discretion may, instead of issuing a replacement Bond, direct the Paying Agent to pay such Bond.

Section 2.09. Stabilization.

(a) Notwithstanding any recitation of or reference to the original, anticipated or then currently outstanding aggregate principal amount of the Bonds, no later than thirty (30) days prior to the Stabilization Date (unless the Initial Purchaser and the Permanent Term Purchaser agree in their sole discretion to a shorter period), the aggregate principal amount of the Bonds to be outstanding from and after the then proposed Stabilization Date shall be analyzed by the Initial Purchaser, the Permanent Term Purchaser and the Financial Monitor (acting in their sole

discretion but in consultation with the Borrower) pursuant to proprietary underwriting requirements to determine the aggregate amount of the Bonds that can be supported based on evidence reasonably satisfactory to the Initial Purchaser, the Permanent Term Purchaser and the Financial Monitor (including without limitation, updated projections and the latest set of financial statements provided pursuant to Section 5.09 of the Loan Agreement) at a pro forma Debt Service Coverage Ratio for the Bonds of not less than 1.15 to 1.00 (the "Pro forma Debt Service Coverage Ratio") based on the term, amortization period and interest rate per annum of the Bonds, all as provided in Section 3.02 hereof. In the event the foregoing analysis by the Initial Purchaser, the Permanent Term Purchaser and the Financial Monitor reveals that the then outstanding aggregate principal amount of the Bonds exceeds the lesser of (i) 85% of the Project's appraised restricted value at stabilized occupancy (as such value shall be determined by the Initial Purchaser, the Permanent Term Purchaser and the Financial Monitor in their reasonable discretion, the "LTV Ratio"), and (ii) the amount that can be supported at the Pro forma Debt Service Coverage Ratio then, at the direction of the Initial Purchaser, the Permanent Term Purchaser (acting in their sole discretion but in consultation with the Borrower and subject to concurrence by the Financial Monitor but not the Borrower): (1) the aggregate principal amount of the Bonds outstanding shall be decreased as of the Stabilization Date on a dollar-for-dollar basis as necessary to meet the lower of the LTV Ratio and the Pro forma Debt Service Coverage Ratio (or such other aggregate principal amount as requested by the Borrower and as may be approved by the Initial Purchaser, the Permanent Term Purchaser and the Financial Monitor acting in their sole discretion); and (2) an aggregate principal amount of the Bonds equal to the dollar-for-dollar decrease described above shall be subject to mandatory redemption in part in accordance with Section 4.04(a)(ii) of this Indenture on the redemption date established pursuant to this Indenture (being a date no later than the Stabilization Date) at a redemption price equal to the aggregate principal amount of the Bonds to be redeemed plus accrued but unpaid interest thereon. The Borrower shall take or cause to be taken all necessary steps with all appropriate parties, including without limitation, Initial Purchaser, the Trustee, the Issuer and Bond Counsel, to effectuate the retirement and/or redemption of the portion of the Bonds as necessary in order to resize the Bonds to an aggregate principal amount necessary to meet the lower of the LTV Ratio and the Pro Forma Debt Service Coverage Ratio as described above. Any failure, in whole or in part, to effectuate for any reason the provisions of this subsection (a) shall constitute an immediate Event of Default under this Indenture and the Bonds shall be subject to extraordinary mandatory redemption in whole in accordance with Section 4.04(a)(i) of this Indenture. The calculations made pursuant to this subsection (a) shall be binding and conclusive on all parties in the absence of manifest error.

(b) In addition to Borrower's obligations set forth in this Section 2.09 and elsewhere in the Bond Documents, the Borrower shall provide to Initial Purchaser, the Trustee, the Permanent Term Purchaser, and the Financial Monitor (without duplication) no later than the Stabilization Date, except as specifically noted below, each of the following in form and substance satisfactory to the Initial Purchaser and the Financial Monitor (collectively, the "Conversion Conditions"):

(i) A written certificate signed by the General Partner of the Borrower to the effect that no Event of Default (however denominated) shall exist under the Bond Documents and that each of the representations, warranties, acknowledgments and statements of fact in this Indenture and the other Bond Documents, including those in the

various recitals and exhibits hereto and thereto, is and shall remain true and correct in all material respects as of the Stabilization Date excepting only those made as of the Closing Date which speak as of a date certain and which by such specific nature can no longer be true and correct solely on account of the passage of time.

(ii) The Borrower shall pay upon demand any and all fees, costs, expenses, taxes and attorneys' fees incurred by any or all of the Issuer, the Trustee, the Initial Purchaser, the Permanent Term Purchaser and the Financial Monitor in connection with any resizing or other action taken in connection with this Section 2.09 and the transfer of the Bonds as described in the Forward Bond Purchase Agreement or the Option Agreement, including (without limiting the generality of the foregoing) escrow fees and costs, recording costs, title insurance premiums, flood certifications, tax service contracts, environmental tests (including without limitation, radon tests) and review fees, mortgage taxes (if any), and fees paid or owed to attorneys in connection with preparation of documents and bond forms, or providing legal advice or opinions.

(iii) The Project shall have been leased to residential tenants (other than the Borrower and employees, consultants and affiliates of the Borrower excepting only the Property Manager with respect to one residential unit) pursuant to bona fide, signed leases of at least one (1) year in duration in compliance with all applicable requirements of the Bond Documents and at least ninety percent (90%) of the residential rental units at the Project shall have been occupied pursuant to such leases for a period of at least ninety (90) consecutive calendar days.

(iv) No later than thirty (30) days prior to the Stabilization Date (unless the Significant Bondholder agrees to a shorter period), Borrower shall have provided a survey of the Property substantially in the form of the survey provided as of the Closing Date and which survey shall: (i) be certified to the Initial Purchaser, the Permanent Term Purchaser and the Title Company by a registered land surveyor in the State; (ii) be in compliance with the most-current minimum detail requirements for land title surveys adopted by the American Land Title Association and the American Congress on Surveying and Mapping as then applied in the State; (iii) show the as-built location of all improvements, easements, and utilities, with a legal description conforming to the original title policy delivered as of the Closing Date; (iv) establish that all improvements are within the title lines; (v) include the total square footage of the land area of the Property; and (vi) attest to the existence or non-existence of a Flood Hazard Area on the Property.

(v) Borrower shall have funded the deposits, if any, then required to be made to the Replacement Reserve Fund as described in this Indenture.

(vi) Borrower shall provide evidence that all installments of all non-exempt general real estate taxes, special taxes and assessments then due and payable, and all service charges, water and sewer charges, private maintenance charges, and other prior lien charges however denominated, whether then due on the Stabilization Date, have been paid in full (unless bonded off or insured against, which shall be done to the sole satisfaction of Financial Monitor) on or before the Stabilization Date.

(vii) Borrower shall have provided or cause to be provided an estoppel and down date certificate form the Fee Owner in its Capacity as Ground Lessor under the Ground Lease in a form approved by the Initial Purchaser and the Permeant Term Purchaser.

(viii) All funds and accounts maintained at the Initial Purchaser pursuant to Section 5.01 and 6.02 hereof shall have been closed and all monies therein transferred to the appropriate Fund created hereunder to be held by the trustee, including without limitation, the Redemption Fund in event of a partial redemption of Bonds pursuant to Section 4.04(a)(ii) hereof.

Section 2.10. Completion of Bond Form. The numbers, maturity date, interest provisions and other applicable terms and provisions with respect to the Bonds, shall be inserted in the form of Bond.

Section 2.11. Transfer Restrictions. The following shall apply to the initial sale of the Bonds on the Closing Date and to subsequent transfers of the Bonds:

- (a) The Bonds shall be sold or transferred in Authorized Denominations;
- (b) The Initial Purchaser on the Closing Date shall execute and deliver a purchaser letter in the form of Exhibit E to this Indenture, with any revisions thereto acceptable to Bond Counsel, which revisions shall be deemed to be acceptable upon the delivery of the Bonds on the Closing Date;
- (c) The Bonds may be transferred in whole or in part by any Owner, only to any Qualified Institutional Buyer (as defined in Rule 144A promulgated under the Securities Act of 1933) that delivers a signed Purchaser's Letter to the Trustee in substantially the form attached hereto as Exhibit E; and
- (d) ANY OWNER DESIRING TO EFFECT THE TRANSFER OF ALL OR A PORTION OF THE BONDS SHALL AGREE TO INDEMNIFY THE ISSUER AND THE TRUSTEE FROM AND AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING REASONABLE ATTORNEYS' FEES) THAT MAY RESULT IF THE REPRESENTATIONS OF SUCH OWNER CONTAINED IN THE PURCHASER'S LETTER ARE FALSE IN ANY MATERIAL RESPECT.

THE TRUSTEE IS AUTHORIZED AND DIRECTED TO PUT A STOP ORDER ON THE BOND REGISTRY IN REGARD TO THE FOREGOING RESTRICTIONS ON THE TRANSFER OF THE BONDS.

Notwithstanding the foregoing, the transfer restrictions of this Section 2.11 as to the Bonds shall no longer apply upon the Borrower's, the Issuer's and the Trustee's receipt of evidence of a current rating of the Bonds of "A" or higher by a Nationally Recognized Rating Agency.

Section 2.12. Book-entry Only System of Registration.

(a) The Bonds will initially be issued in the form of one fully-registered, physical bond for the aggregate principal amount of the Bonds, which Bonds shall be registered in the name of the Initial Purchaser or its designee. **Unrated Bonds may not be registered in the name of Cede & Co. or any other depository.** Except as provided in paragraphs (e) and (f) below, upon the Borrower's, the Issuer's and the Trustee's receipt of evidence of a current rating of the Bonds of "A" or higher by a Nationally Recognized Rating Agency and only if requested by the holders of 100% of the Bonds, all of the Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC, provided that if DTC shall request that the Bonds be registered in the name of a different nominee, the Trustee shall exchange all or any portion of such Bonds for an equal aggregate principal amount of Bonds registered in the name of such nominee or nominees of DTC. Once so registered, no Person other than DTC or its nominee or any "FAST" agent for DTC shall be entitled to receive from the Issuer or the Trustee either a Bond or any other evidence of ownership of the Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Bonds on the Bond Register in connection with discontinuing the book entry system as provided in paragraph (f) below or otherwise.

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

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

participant of any Person to receive payment in the event of a partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC as Owner.

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

(e) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by the Issuer or the Trustee with respect to any consent or other action to be taken by Owners, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the Issuer or the Trustee may establish a special record date for such consent or other action. The Issuer or the Trustee shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

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

The book-entry system for registration of the ownership of the Bonds shall be discontinued in the event that the Bonds are purchased in lieu of redemption pursuant to Section 4.09 hereof.

ARTICLE III AUTHORIZATION AND ISSUANCE OF BONDS

Section 3.01. Exclusive Provisions and Limitation on Further Liens. Except as expressly provided in the Loan Agreement, the Ground Lease and the Mortgage, no liens of any nature or kind shall ever be placed or permitted by the Fee Owner, the Borrower, the Trustee or the Issuer on the Trust Estate (other than the lien created by this Indenture and the Mortgage), and no Bonds shall be authenticated and delivered under this Indenture other than the Bonds described in Section 3.02.

Section 3.02. Bonds.

(a) The Bonds are hereby authorized to be issued under and secured by this Indenture. The Bonds shall be issued in the principal amount of \$25,000,000. No additional bonds shall be authorized or issued under this Indenture. The Bonds shall be issued for the

purpose of making the Loan by the deposit of the proceeds from the sale of the Bonds in the Accounts of the Project Fund pursuant to Section 6.01.

(b) Interest on the Bonds is payable on each Interest Payment Date. Payment of principal, premium, if any, and interest on the Bonds shall be as provided in Section 2.02. The Bonds shall be subject to redemption as provided in Article IV. The Bonds shall bear interest at the interest rates set forth below from the Closing Date, or, in the case of transfer or exchange, from the most recent Interest Payment Date to which interest has been paid or provided for under this Indenture, provided that if a Bond is authenticated on or after a Record Date and before the related Interest Payment Date, interest shall accrue on such bond from that Interest Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on the Maturity Date, and bear interest at (i) the Construction Loan Rate to and including the Stabilization Date, and (ii) thereafter, at the Permanent Loan Rate. Interest on the Bonds will include, as applicable, additional interest payable by the Borrower pursuant to Section 4.02(d) of the Loan Agreement on delinquent Loan payments due under Section 4.01(a) of the Loan Agreement; provided, however, that in no event shall such additional interest result in the interest rate of the Bonds being in excess of the Maximum Interest Rate.

Section 3.03. Preconditions to Authentication and Delivery of Bonds. The Trustee shall authenticate the Bonds and deliver them no later than the Closing Date to the purchaser or purchasers as the Trustee is directed in writing by the Issuer as provided in this Section. Prior to such delivery by the Trustee of any of the definitive Bonds there shall be filed with the Trustee the following each on form and substance satisfactory to the Initial Purchaser and the Permanent Term Purchaser:

(a) Executed counterparts of this Indenture, the other Bond Documents and the Loan Documents, including without limitation, the Ground Lease;

(b) A certified copy of the Bond Resolution;

(c) Evidence of the payment of the purchase price of the Bonds in the amount of \$25,000,000 and payment of the amounts described in (i) and (ii) of the definition of Borrower Contribution;

(d) An opinion of Bond Counsel and an opinion of the Texas Attorney General, subject to customary exceptions and qualifications, substantially to the effect that the Bonds constitute legal, valid and binding limited obligations of the Issuer;

(e) An opinion of Bond Counsel, subject to customary exceptions and qualifications, substantially to the effect that under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes, except with respect to the interest on any Bond for any period during which such Bond is held by a "substantial user" of the Project or a "related person" to such a "substantial user," as those terms are defined for purposes of Section 147(a) of the Code;

(f) A certificate of the appropriate official of the Issuer attesting to the incumbency of the directors, officers or members of the Issuer;

(g) Evidence that the Issuer's closing fee has been paid or duly provided for;

(h) Internal Revenue Service Form 8038 with respect to the Bonds, completed by the Issuer based upon information submitted by the Borrower;

(i) An opinion of counsel for the Borrower to the effect that the Loan Documents have been duly authorized, executed and delivered by the Borrower and are valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms subject to customary qualifications and exceptions and in form and substance acceptable to the Significant Bondholder and the Permanent Term Purchaser (and their respective counsel), such acceptance to be evidence by the payment of the purchase price of the Bonds provided in subsection (c) above;

(j) Evidence that the Property as currently situated and after completion of the Project is and will be exempt from ad valorem property taxation by all taxing authorities having jurisdiction to levy taxes against all or any portion of either the Property or the Project or, if such exemptions are not currently available, an Opinion of Counsel to the effect that the Property as currently situated and after completion of the Project is eligible for exemptions from ad valorem property taxation by all taxing authorities having jurisdiction to levy taxes against all or any portion of either the Property or the Project;

(k) A consent, estoppel and certification from the Fee Owner in its capacity as Ground Lessor under the Ground Lease;

(l) A request and authorization to the Trustee on behalf of the Issuer and signed by an authorized representative of the Issuer to authenticate and deliver the Bonds in such specified denominations as permitted herein to the Initial Purchaser upon payment to the Trustee, but for the account of the Issuer, of a specified sum of money;

(m) An executed counterpart of the Purchaser Letter set forth in Exhibit E;

(n) A fully executed copy of the Limited Partnership Agreement;

(o) Fully executed copies of the Collateral Assignments, the Forward Bond Purchase Agreement and the Option Agreement;

(p) Evidence that all requirements of the Initial Purchaser to purchase the Bonds have either been satisfied or waived; and

(q) Any other documents or opinions that the Trustee, the Issuer or Bond Counsel may reasonably require, which requirement shall be deemed to be satisfied upon the delivery of the opinion of Bond Counsel on the Closing Date.

ARTICLE IV BOND REDEMPTION, PROVISIONS

Section 4.01. Sinking Fund Redemption.

(a) The Bonds are subject to mandatory sinking fund redemption in part on each sinking fund payment date in a principal amount of the Bonds as set forth in Exhibit B. Subject to Section 4.01(b), the principal amount of the Bonds to be redeemed on any particular sinking fund payment date shall be reduced by the principal amount of any Bonds which (A) have been redeemed other than pursuant to mandatory sinking fund redemption and (B) have not previously formed the basis for such reduction.

(b) If Bonds have been redeemed in part pursuant to Section 4.04(a)(ii), (iii) or (iv) hereof, or purchased pursuant to Section 4.08 hereof, the Financial Monitor will deliver to the Trustee a revised Exhibit B that provides for debt service on the remaining Outstanding principal amount of the Bonds with an amortization period of forty (40) years over the remainder of the maturity term of such Bond that is deemed to have started on July 1, 2018, with the first modified sinking fund installment commencing on the first Interest Payment Date following the partial redemption; provided that each of the Issuer, the Trustee, the Borrower and the Owners understand, acknowledge and agree that the foregoing sinking fund methodology shall result in a "balloon style" payment on the Maturity Date. The revised Exhibit B will be conclusively binding on the Issuer, the Trustee, the Borrower and the Owners absent manifest error, and the Trustee may rely conclusively thereon until it receives written notification of such manifest error along with a revised Exhibit B from the Financial Monitor. To the extent a revised Exhibit B shall be provided, the Borrower shall provide the Issuer a Favorable Opinion of Bond Counsel.

(c) The redemption price for any such redemption shall be 100% of the principal amount of the Bonds or portions thereof so redeemed, plus accrued and unpaid interest, if any, to the sinking fund payment date, and without premium. The particular Bonds or portions thereof to be redeemed on each particular sinking fund payment date shall be selected by the Trustee by lot or by such other random means as the Trustee shall determine in its discretion, in any case, to the extent possible, in a manner that results in Bonds that remain Outstanding to be in Authorized Denominations.

(d) It shall not be necessary to surrender a Bond for payment of principal due upon a mandatory sinking fund redemption other than the final installment due at maturity, but the Bonds shall have the remaining principal balance set forth upon the Bond register maintained by the Registrar, which entry upon the Bond register shall be deemed conclusive in the absence of clear and convincing evidence to the contrary.

Section 4.02. Optional Redemption.

(a) The Bonds are subject to optional redemption prior to maturity on or after April 1, 2033, at the direction of the Borrower (a) in whole on any date, or in part at a minimum of an Authorized Denomination on any Bond Payment Date, from amounts prepaid on the Loan pursuant to the Loan Agreement solely to the extent of any optional prepayment by the Borrower of the Note, or (b) in whole on any date, from proceeds of refunding bonds or otherwise from other sources, in each case at the redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption. No notice of optional redemption shall be mailed to Owners of Bonds until money sufficient to pay the optional redemption price (including accrued and unpaid interest and premium, if any) of the Bonds to be prepaid shall have been deposited with the Trustee.

(b) The Bonds being redeemed before maturity in accordance with subsection (a) of this Section 4.02 shall be redeemed at a redemption price equal to the principal amount of the Bonds being redeemed, together with accrued interest to the date of redemption.

Section 4.03. Mandatory Redemption From Excess Bond Proceeds. The Bonds are subject to mandatory redemption, in whole or in part, unless the Significant Bondholder agrees otherwise, in the event that the amount on deposit in the Bond Proceeds Account of the Project Fund is transferred to the Redemption Fund pursuant to Section 6.02(f), on the first Business Day following such transfer for which 30 days' notice of redemption can be given unless the Significant Bondholder agrees to a shorter period. If so called for redemption, the Bonds shall be redeemed at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued and unpaid interest to the date fixed for redemption.

Section 4.04. Extraordinary and Special Mandatory Redemption.

(a) The Bonds are subject to extraordinary and special mandatory redemption:

(i) In whole on June 30, 2018, in the event the Stabilization Date shall not have occurred;

(ii) In part, without premium, no later than the Stabilization Date in the event of a resizing the Bonds in accordance with Section 2.09(a) hereof;

(iii) In whole or in part, without premium, in the event the Project or any portion of it is damaged or destroyed or is taken in a condemnation proceeding to the extent of any Insurance Proceeds or Condemnation Award not used for the repair or restoration of the Project, as further described below;

(iv) In whole or in part, in the event of prepayment of the Loan at the direction of a trustee in bankruptcy (which such bankruptcy has not been dismissed within 90 days) for the Borrower;

(v) In whole, when any amounts in the Bond Fund not being held therein to redeem Bonds for which notice of redemption has previously been given, is sufficient to

pay any unpaid amounts required to be paid by Article V and to redeem all Outstanding Bonds; and

(vi) In whole on July 1, 2017, in the event construction of the Project is not complete in substantial accordance with the applicable requirements of the Bond Documents and the Loan Documents.

(b) Other than mandatory redemption occurring pursuant to subparagraphs (a)(i), (a)(ii) and (a)(vi) above, the Bonds called for redemption pursuant to subparagraphs (a)(iii) through (a)(v) inclusive shall be redeemed on the first Business Day for which 30 days' notice of redemption can be given at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued and unpaid interest to the date fixed for redemption.

(c) If the Project or any part thereof is damaged or destroyed as a result of fire or other casualty, or condemned or acquired for public use, the Borrower is required to repair or restore the Project in accordance with requirements of the Mortgage and Section 5.04 of the Loan Agreement. The Trustee, within five Business Days of receipt of written notice of such damage, destruction or condemnation, shall provide written notice to the Borrower, the Issuer, the Significant Bondholder, each Owner requesting the same at the address supplied to the Trustee by such Owner or its authorized representative, Financial Monitor and the Servicer, and the Financial Monitor shall confirm that the Borrower has complied with the provisions of the Mortgage and the Loan Agreement applicable to such occurrence. If the conditions for repair or restoration of the Project, as provided in Section 5.04 of the Loan Agreement, are not satisfied and the Trustee receives written notice from the Borrower of such insufficiency of the insurance proceeds or award in accordance with Section 5.04 of the Loan Agreement, the Trustee will apply the Net Casualty Proceeds of any casualty insurance or condemnation to the reduction of indebtedness under the Note. In such event, the Trustee shall deposit such Net Casualty Proceeds in the Redemption Fund and apply such money to the redemption of Bonds in accordance with subparagraph (a)(iii) above.

Section 4.05. Mandatory Redemption Resulting From Event of Default or Determination of Taxability.

(a) The Bonds shall be subject to mandatory redemption in whole at the direction of the Trustee, pursuant to the exercise of remedies hereunder or under the Loan Documents, at the earliest time for which notice hereunder can be given during the occurrence of an Event of Default as set forth in Section 8.01 or an "Event of Default" as set forth in Section 7.01 of the Loan Agreement at a redemption price equal to the principal amount of Bonds Outstanding plus the accrued and unpaid interest due thereon, from a distribution of the Trust Estate as a result of the realization by the Trustee of its rights and remedies hereunder with respect to the Trust Estate, in accordance with Section 8.04. Upon the giving of notice of redemption of the Bonds under this Section 4.05(a), the Bonds shall become payable on the date specified in such notice of redemption and in the amount specified in the preceding paragraph.

(b) At the written direction of the Significant Bondholder, the Bonds shall be subject to mandatory redemption on the next occurring Bond Payment Date in the event of a Determination of Taxability in whole at a redemption price equal to 105% of the outstanding

principal amount of the Bonds plus accrued and unpaid interest on the Bonds to the redemption date, provided that if the Trustee receives an opinion of Bond Counsel stating that such Determination of Taxability was not caused by any action of the Borrower, or by failure on the part of the Borrower to take action within its control, the redemption price will be equal to 100% of the outstanding principal amount of the Bonds to be redeemed plus accrued and unpaid interest to the redemption date. The payment of the redemption price of the Bonds as aforesaid shall be in addition to any amounts due and owing to the Owners under the Bond Documents and/or the Loan Documents whether under Section 6.02 of the Loan Agreement or otherwise. Notwithstanding any mandatory redemption of Bonds pursuant to this Section 4.05(b), a Determination of Taxability shall constitute an Event of Default hereunder.

(c) [Reserved].

(d) The Trustee will give notice not more than five Business Days after the Trustee's receipt of the written direction of the Significant Bondholder pursuant to Section 4.05(b) to the Borrower, the Issuer, and each Owner requesting the same at the address supplied to the Trustee by such Owner or its authorized representative stating the aggregate redemption price or purchase price, as applicable, which will be due on the redemption date or mandatory purchase date, as applicable, the total of all funds held by the Trustee which are available to pay the redemption price or the purchase price, as applicable, of the Bonds, and the difference between the two amounts. The Borrower shall pay to the Trustee any shortfall in the funds available to pay the redemption price of the Bonds.

Section 4.06. Notice of Redemption.

(a) Except with respect to Section 4.02 in the case of optional redemptions, Sections 4.04(a)(i), (a)(ii) and (a)(vi) in the case of such mandatory redemptions, and Section 4.05(b) in the case of a mandatory redemption in the event of a Determination of Taxability for which notice of redemption shall be given on the earliest date deemed practicable by the Trustee notwithstanding anything in this Section 4.07 to the contrary, notice of redemption shall be given by the Trustee in writing to the Issuer and the Owners by first class mail, postage prepaid, not less than 30 days, nor more than 45 days prior to, the date fixed for redemption. Receipt of such notice of redemption shall not be a condition precedent to such redemption and failure to mail such notice to any such registered Owners shall not affect the validity of the proceedings for the redemption of Bonds with respect to which no such failure occurred. Such notice shall be given in the name of the Issuer, shall be dated, shall set forth the principal amount of the Bonds Outstanding which shall be called for redemption and shall specify the redemption date and the redemption price. If less than all of the Bonds then Outstanding shall be called for redemption, the notice shall state the distinctive numbers and letters and CUSIP numbers, if any, of such Bonds to be redeemed and the portion of the principal amount thereof to be redeemed. Such notice shall further state that on the redemption date the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and from such date interest shall cease to accrue.

(b) Notice of redemption having been given as provided in subsection (a) of this Section 4.07 and all conditions precedent specified in such notice, if any, having been satisfied, the Bonds or portions thereof to be redeemed shall become due and payable on the date fixed for

redemption at the redemption price specified herein plus any accrued and unpaid interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice. On and after the redemption date (unless the payment of the redemption price and accrued and unpaid interest payable on the redemption date is not made), (i) such Bonds (or portion thereof) shall cease to bear interest, and (ii) such Bonds (or portion thereof) shall no longer be considered as Outstanding under this Indenture.

Section 4.07. Selection of Bonds To Be Redeemed.

(a) If less than all of the Bonds are to be redeemed, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee, (i) with respect to redemptions pursuant to Sections 4.04 and 4.05, on a pro rata basis based as nearly as practicable on the Outstanding principal amount of Bonds, and (ii) with respect to redemptions pursuant to Sections 4.02 and 4.03, by lot, in each case, to the extent possible, in a manner that results in Bonds that remain Outstanding to be in Authorized Denominations. If there exists at such time a Significant Bondholder and if the "by lot" selection process results in the Significant Bondholder owning 50% or less of the aggregate principal amount of the Bonds after such partial redemption, the Trustee shall decrease so much in principal amount of the Bonds owned by the Significant Bondholder to be redeemed so that the Significant Bondholder will own the smallest principal amount greater than 50% of the outstanding Bonds (in Authorized Denominations) as is possible after such partial redemption. The principal amount of Bonds thus decreased from the partial redemption of Significant Bondholder's Bonds shall be selected by lot from the Bonds (1) not previously selected for such partial redemption and (2) from owners other than the Significant Bondholder.

In connection with a partial redemption of Bonds hereunder, the Trustee shall be entitled to receive and rely upon an opinion of Bond Counsel that the Trustee's process for selection of Bonds to be redeemed in such partial redemption is proper, accomplished in accordance with the procedures provided herein. Such opinion will be binding upon the Bondholders as to the Trustee's actions in selecting Bonds for redemption.

(b) In making such selection by lot, the Trustee may treat each Bond to be redeemed as representing that number of Bonds of the lowest Authorized Denominations as is obtained by dividing the principal amount of such Bond by such denomination.

Section 4.08. Purchase in Lieu of Redemption. Notwithstanding anything in this Indenture to the contrary, at any time the Bonds are subject to redemption in whole pursuant to Sections 4.02, 4.04(a) and 4.05, all (but not less than all) of the Bonds may be purchased by the Trustee, at the direction of the Borrower, on the date which would be the redemption date if such Bonds were redeemed rather than purchased in lieu thereof. The purchase price will be equal to the redemption price that would have been applicable to such Bonds on the redemption date, and such amounts shall be credited to the Redemption Fund and applied as described in Section 5.07. The Bonds will be purchased for the account of and at the written direction of the Borrower. The Borrower shall give the Trustee written notice at least 10 days prior to the scheduled redemption date, which notice shall be accompanied by a Favorable Opinion of Bond Counsel addressed to the Issuer and the Trustee. If the Trustee is so directed to purchase Bonds in lieu of redemption, no notice to the Owners of Bonds to be so purchased (other than the notice of redemption

otherwise required hereunder) shall be required, and the Trustee shall be authorized to apply to such purchase the funds which would have been used to pay the redemption price for such Bonds if such Bonds had been redeemed rather than purchased. Bonds purchased pursuant to this Section 4.08 shall not be canceled or discharged and shall be registered in the name of the Borrower or such other person or persons as shall be designated by the Borrower which executes and delivers a Purchaser Letter. Bonds to be purchased under this Section 4.08 that are not delivered to the Trustee on the purchase date shall be deemed to have been so purchased and not redeemed on the purchase date and shall cease to accrue interest as to the former Owner on the purchase date.

ARTICLE V PAYMENT OF BONDS; FUNDS AND ACCOUNTS

Section 5.01. Funds and Accounts. The Trustee is hereby directed to create and maintain the following funds and accounts, all as further described in this Article V and with respect to the Project Fund, Article VI hereof:

- (a) Bond Fund, and within the Bond Fund, the Interest Account, the Administrative Expenses Account and the Principal Account;
- (b) Redemption Fund;
- (c) Rebate Fund;
- (d) Escrow Fund;
- (e) Replacement Reserve Fund; and
- (f) Project Fund.

So long as the Initial Purchaser is the Significant Bondholder, the Trustee shall establish and maintain such funds and all accounts therein at the Initial Purchaser except to the extent the Initial Purchaser has consented otherwise; provided, however, at no time shall the Initial Purchaser have any security interests in such funds and accounts other than as same are subject to the lien of this Indenture, and the Initial Purchaser, in purchasing the Bonds, hereby waives all rights of set-off, banker's liens and similar rights whether existing under law or by contract, including any documentation in agreements or applications outside of the bond proceedings needed to establish the accounts or signature cards.

Section 5.02. Bond Fund.

(a) The Trustee shall establish and maintain so long as any of the Bonds are Outstanding a separate fund to be known as the Bond Fund, and separate accounts therein to be known as the Interest Account, the Administrative Expenses Account and the Principal Account. Immediately on the Closing Date, there shall be deposited to the designated accounts of the Bond Fund all funds received by the Trustee pursuant to Section 6.01 hereof in such accounts so designated. The Borrower's payment under the Loan Agreement shall be paid no later than the fifteenth (15th) day of each month. There shall be deposited to the Bond Fund immediately upon receipt all money received by the Issuer or the Trustee pursuant to Section 4.02 of the Loan

Agreement, the Mortgage and the Note including payments of interest and principal on the Note and investment earnings on certain Funds and Accounts as provided in Section 6.06.

(i) The Trustee shall:

(A) On the sixteenth day of each month (or the next Business Day if such day is not a Business Day), calculate the Cash Flow Deficiency in the Bond Fund, if any, as of the date of such calculation. The Trustee shall provide telephonic notice to the Borrower of the amount of the Cash Flow Deficiency, if any, on the date such calculation is made, which notice shall be promptly confirmed in writing. The Borrower shall pay an amount equal to the Cash Flow Deficiency in immediately available funds within three Business Days of such notice, as provided in Section 4.02 of the Loan Agreement and the Trustee shall deposit such amounts in the Bond Fund; and

(B) Immediately (but in any event no later than three Business Days after such occurrence) notify the Borrower of any failure by the Borrower to make a required monthly payment of principal of or interest on the Loan pursuant to the Note or a required payment of an amount in respect of a Cash Flow Deficiency, as described in the immediately preceding paragraph.

(ii) Prior to the Stabilization Date, amounts on deposit in the Bond Fund and available for such purpose shall be disbursed, transferred or deposited on the Business Day immediately prior to each Bond Payment Date in the following order of priority:

(A) Commencing on the Business Day prior to the first Bond Payment Date on which principal is due, to the Escrow Fund, amounts for taxes, if any, and insurance in accordance with Section 4.02(b)(iii) of the Loan Agreement;

(B) To the Interest Account, an amount which, together with amounts already on deposit therein and in the Redemption Fund for such purpose, is sufficient to pay the interest past due on the Bonds or coming due on such Bond Payment Date;

(C) To the Redemption Fund in the event of a redemption of the Bonds before maturity in accordance with Section 4.02 of this Indenture in an amount equal to the principal amount of the Bonds being redeemed, together with accrued interest to the date of redemption.

(D) Commencing on the Business Day prior to the first Bond Payment Date on which Principal Requirement is due, to the Principal Account an amount which, together with amounts already on deposit therein, is sufficient to pay the principal of any Bonds past due or coming due (whether at maturity or by operation of the mandatory sinking fund redemption) on such Payment Date;

(E) Intentionally deleted;

(F) To the Administrative Expenses Account, all fees, indemnification amounts and other amounts payable to and for the account of the Trustee;

(G) To the Administrative Expenses Account, an amount sufficient to pay the portion of the Administrative Expenses accrued pursuant to Section 5.05;

(H) To the Redemption Fund, in the event of redemption of the Bonds pursuant to Section 4.04 or 4.05, any amounts remaining;

(I) To the Administrative Expenses Account, all fees, indemnification amounts and other amounts payable to and for the account of the Issuer in excess of the Issuer Fee, including, to the extent incurred in accordance with this Indenture and the Loan Agreement, any expenses of the Issuer for extraordinary services and any expenses of Bond Counsel for extraordinary services; and

(J) To be retained in the Bond Fund and used to cure any deficiency in amounts required by clauses (A) through (I) above, the balance, provided that, except as provided in Section 5.10 with respect to transfers to the Rebate Fund, on each Bond Payment Date, any amounts remaining in the Bond Fund on such date after the foregoing transfers have been made shall be transferred to the Borrower.

(b) Commencing upon the Stabilization Date and receipt of the first quarterly financial statements of the Project, if the Project is not meeting a Debt Service Coverage Ratio of 1.05:1.00, as determined by the Financial Monitor, or the Borrower has not provided the required financial statements to enable the Financial Monitor to make the determination, in each case pursuant to Section 7.05 and to Sections 4.03 and 5.11 of the Loan Agreement, the Borrower agrees to deposit or cause to be deposited immediately upon receipt all Project Revenues which cumulatively aggregate \$1,000 or more in a depository account established with the Trustee solely for that purpose (the "Operating Account"). Amounts held in the Operating Account shall be invested in Eligible Investments, as directed in writing by the Borrower, and applied as described in this Section 5.02(b). To the extent the Trustee invests money pursuant to instruction by the Borrower, the Trustee shall have no responsibility to determine the maturities of such investments. On the fifth and fifteenth days of each month (or the immediately preceding Business Day if such day is not a Business Day), the Trustee will transfer all amounts on deposit in the Operating Account to the Bond Fund. In any event, from and after the Stabilization Date, amounts on deposit in the Bond Fund and available for such purpose shall be disbursed as follows:

(i) Money on deposit in the Bond Fund will be disbursed by the Trustee not later than the fifth day of each month (or the immediately preceding Business Day if such day is not a Business Day):

(A) To or upon direction of the Borrower, an amount equal to the amount specified in the Operating Budget for such month's Operating Expenses together with such additional amounts for other budgeted expenditures requested in writing by an Authorized Representative of the Borrower pursuant to and after

satisfaction of the conditions, if any, specified in Section 5.12 of the Loan Agreement; and

(B) The balance to be retained in the Bond Fund;

(ii) Money on deposit in the Bond Fund will be disbursed by the Trustee not later than the fifteenth day of each month (or the immediately preceding Business Day if such day is not a Business Day) in the following order of priority:

(A) To the Administrative Expenses Account, all fees, indemnification amounts and other amounts payable to and for the account of the Trustee, including an amount sufficient to pay in equal monthly amounts that portion of the Trustee Fee due on the next Bond Payment Date pursuant to Section 5.05;

(B) To the Escrow Fund, amounts for taxes, if any, and insurance in accordance with Section 4.02(b) of the Loan Agreement;

(C) To the Administrative Expenses Account, an amount sufficient to pay that the accrued monthly portion of the Administrative Expenses (other than the Trustee Fee) pursuant to Section 5.05;

(D) To the extent (if any) not previously provided for in a particular month by (i)(A) above, to or upon direction of the Borrower, in an amount equal to the amount specified in the Operating Budget for such month's Operating Expenses together with such additional amounts for other budgeted expenditures requested in writing by an Authorized Representative of the Borrower pursuant to and after satisfaction of the conditions specified in Section 5.12 of the Loan Agreement;

(E) To the Interest Account, an amount equal to the Interest Requirement for the current calendar month for the Bonds;

(F) To the Principal Account, amounts equal to the applicable Principal Requirement for the Bonds;

(G) To the Replacement Reserve Fund, payments in accordance with the Replacement Reserve Fund Requirement;

(H) To pay the fees and expenses of the Project Manager pursuant to the Management Agreement, as evidenced by invoice and not otherwise paid pursuant to clause (D) above;

(I) To the Redemption Fund, in the event of redemption of the Bonds pursuant to Section 4.02, 4.04 or 4.05, any amounts remaining;

(J) To the extent incurred in accordance with this Indenture and the Loan Agreement and not provided for by clause (A) above, any expenses of the

Issuer for extraordinary services and any expenses of Counsel to the Issuer for extraordinary services;

(K) The balance to be retained in the Bond Fund and used to cure any deficiency in amounts available to make the transfers required by clauses (A) through (J) above until such time as the conditions set forth in Section 7.05 and in Section 5.11 of the Loan Agreement have been met at which time the balance in the Bond Fund shall be transferred to the Borrower.

(c) Upon the payment in full of the Bonds and the fees and expenses that are due or will be due to the Issuer, the Trustee, the Paying Agent and the Registrar and all amounts owing pursuant to Section 12.01, and the payment of amounts payable to the United States pursuant to Section 5.10, any amounts remaining in the Bond Fund shall be paid as provided in Section 5.12. Money in the Bond Fund shall be invested in accordance with Section 6.05 with such maturities as shall be necessary to provide cash to make the transfers required hereby.

(d) Notwithstanding anything to the contrary in this Section 5.02, in the event and to the extent that the Trustee has notice that a premium on insurance required by Section 5.14 of the Loan Agreement or that taxes, assessments or charges required by Section 5.13 of the Loan Agreement are due and there are insufficient money in the Escrow Fund to pay such amounts when due, and not later than the earlier of (i) 10 Business Days after a written request to the Borrower for payment of such amounts or (ii) the date on which failure to pay such amounts would result in cancellation of the related policy or foreclosure of the Project, as applicable, the Trustee shall pay such amounts, first from money on deposit in the Replacement Reserve Fund and then from money on deposit in the Bond Fund.

Section 5.03. Interest Account. The Issuer hereby directs the Trustee to establish and maintain so long as any of the Bonds are Outstanding a separate account within the Bond Fund to be held by the Trustee to be known as the Interest Account. There shall be deposited in the Interest Account amounts required by Section 5.02. Money on deposit in the Interest Account shall be applied by the Trustee to pay interest on the Bonds as it becomes due. The Borrower has no right, title or interest in any funds on deposit in the Interest Account.

Section 5.04. Principal Account. The Issuer hereby directs the Trustee to establish and maintain so long as any of the Bonds are Outstanding a separate account within the Bond Fund to be held by the Trustee to be known as the Principal Account. There shall be deposited in the Principal Account amounts required by Section 5.02. Money on deposit in the Principal Account shall be applied by the Trustee to pay principal on the Bonds as it becomes due (whether at maturity or by operation of the mandatory sinking fund redemption). The Borrower has no right, title or interest in any funds on deposit in the Principal Account.

Section 5.05. Administrative Expenses Account. The Issuer hereby directs the Trustee to establish and maintain so long as any of the Bonds are Outstanding a separate account within the Bond Fund to be known as the Administrative Expenses Account. The Trustee shall deposit to the Administrative Expenses Account those amounts required by Section 5.02. On each Bond Payment Date, the Trustee shall pay from the Administrative Expenses Account, to the extent such amounts are then payable (a) to the Trustee, the Trustee Fee, (b) to the Issuer, the Issuer

Fee, (c) to the Servicer, the Servicer Fee, (d) to the Rebate Analyst, the Rebate Analyst Fee, and (e) to the Financial Monitor, the Financial Monitor Fee. Extraordinary expenses shall be disbursed immediately upon receipt by the Trustee and the Borrower of evidence of such extraordinary expenses to the extent funds for payment thereof have been deposited therein. Money in the Administrative Expenses Account shall be invested in accordance with Section 6.05 with such maturities as shall be necessary to provide cash to make the transfers required hereby. To the extent the Trustee invests money pursuant to instruction by the Borrower, the Trustee shall have no responsibility to determine maturities of investments.

Section 5.06. [Reserved].

Section 5.07. Redemption Fund. The Issuer hereby directs the Trustee to establish and maintain so long as any of the Bonds are Outstanding a separate fund to be held by the Trustee to be known as the Redemption Fund.

(a) The Trustee shall deposit in the Redemption Fund, all money paid to it for optional redemption by the Borrower pursuant to the provisions of Section 4.05 of the Loan Agreement. Money shall be paid by the Trustee to the Owners of Bonds called for redemption in accordance with the provisions of Section 4.02.

(b) The Trustee shall deposit in the Redemption Fund, all money paid to it by the Borrower or transferred from other Funds and Accounts or otherwise as specifically provided for in this Indenture, for the mandatory redemption of Bonds pursuant to Sections 4.03, 4.04 and 4.05, sufficient (together with money available for such purpose in the Interest Account) to pay the redemption price of Bonds called for redemption. Money shall be paid by the Trustee to the Owners of Bonds called for redemption in accordance with the provisions of Sections 4.03, 4.04 and 4.05, respectively.

Section 5.08. Temporary Funds and Accounts. The Trustee is hereby authorized to establish and maintain for as long as is necessary, one or more temporary funds and accounts under this Indenture.

Section 5.09. Money Held for Particular Bonds; Non-Presentation of Bonds.

(a) The amounts held by the Trustee for payment of the interest, principal or redemption price due on any date with respect to particular Bonds shall, pending such payment, be set aside and held in trust by it for the Bondholders entitled to such payment and, for the purposes of this Indenture, such interest, principal or redemption price, after the due date of payment, shall no longer be considered to be unpaid.

(b) In the event any Bonds are not 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 such Bonds have been made available to the Trustee for the benefit of the owner thereof, it shall be the duty of the Trustee to hold such funds for the Bondowners without liability for interest. Any of such money which shall be so held by the Trustee, and which remains unclaimed by the Owner of a Bond not presented for payment or check or draft not cashed for a period of three years after the principal of all the Outstanding Bonds, or any interest thereon, has become due and payable (whether at maturity or upon call for redemption or by declaration as

provided in this Indenture), shall then be paid in accordance with Title 6 of the Texas Property Code. Thereupon, the Issuer, the Trustee and the Borrower shall be released from any further liability with respect to payment of such purchase price or principal, premium, or interest. The Trustee shall comply with the reporting requirements of Chapter 74 of the Texas Property Code.

Section 5.10. 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, at all times prior to the final payment to the United States of America of the amounts described in Subsection (c) of this Section 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, unless in the opinion of Bond Counsel failure to make such application will not adversely affect any exclusion from gross income of interest on the Bonds under the Code.

(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 all information reasonably requested by the Borrower with respect to the Bonds and investment of funds and accounts maintained by the Trustee hereunder.

(c) (i) Within 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 (iii) below.

(ii) Within five 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.

(iii) All payments to the United States of America pursuant to this subsection 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).

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

(e) 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 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. The Trustee shall have no responsibility or duty to perform any rebate calculation or to expend its own funds to make any rebate payments.

(f) 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, such person shall be permitted to take such action if it shall first obtain and provide at the expense of the Borrower to the other persons named herein an opinion of Bond Counsel to the effect that such action shall not adversely affect the exclusion of interest on the Bonds from gross income of the owners of any Bond for Federal income tax purposes and shall be in compliance with the laws of the State of Texas.

(g) Notwithstanding any provision of the Bond Documents, 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 to 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 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 and 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 or, in the absence of such identification, 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 and in this Indenture. The Trustee shall not be liable for the 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.

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

Section 5.11. Replacement Reserve Fund.

(a) On the Stabilization Date, the Issuer hereby directs the Trustee to establish and maintain so long as any of the Bonds are Outstanding, the Replacement Reserve Fund. Pursuant to Section 5.02, the Trustee shall deposit monthly into the Replacement Reserve Fund from money paid to the Trustee pursuant to the Loan Agreement and Section 5.02 hereof an amount equal to one-twelfth of the Replacement Reserve Fund Requirement. Investment earnings on the Replacement Reserve Fund shall be retained therein and applied to the purposes of such fund.

(b) Except as otherwise provided in this Section, the Trustee shall make payments from the Replacement Reserve Fund upon receipt of a written requisition approved by the Significant Bondholder and the Financial Monitor or the Servicer (upon which the Trustee may conclusively rely) that such requisitioned work is in place (unless the Servicer determines that such amounts may be advanced prior to the work being in place), stating with respect to each payment to be made for the Project: (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid, (iv) that each obligation mentioned therein has been or will be properly incurred, is a proper charge against the Replacement Reserve Fund and has not been the basis of any previous withdrawal, (v) that the amount to be paid is presently due and payable or has previously been paid by the Borrower, and (vi) that no Event of Default exists under the Loan Agreement.

(c) Notwithstanding anything to the contrary in this Section 5.11, in the event and to the extent that the Trustee has notice that a premium on insurance required by Section 5.14 of the Loan Agreement or that taxes, assessments or charges required by Section 5.13 of the Loan Agreement are due and there is insufficient money in the Escrow Fund to pay such amounts when due, and not later than the earlier of (i) 10 Business Days after a written request to the Borrower for payment of such amounts or (ii) the date on which failure to pay such amounts would result in cancellation of the related policy or foreclosure of the Project, as applicable, the Trustee shall transfer the amount of such deficiency from the Replacement Reserve Fund to the Escrow Fund for payment of such amounts.

Section 5.12. Release of Funds Upon Payment of Bonds. Any amounts remaining in any funds or accounts created hereunder after payment in full of the Bonds or provision therefor in accordance with Section 12.01, the Administrative Expenses, any amounts required to be paid to the United States of America and all other amounts required to be paid pursuant to Section 12.01 or under the Loan Agreement shall be deposited to the Bond Fund.

Section 5.13. Escrow Fund.

(a) Commencing on the Business Day prior to the first Bond Payment Date on which principal is due, the Issuer hereby directs the Trustee to establish and maintain, so long as any of the Bonds are Outstanding, the Escrow Fund. Pursuant to Section 5.02, there shall be deposited to the Escrow Fund, a portion of each monthly Loan payment made by the Borrower as provided in the Loan Agreement and amounts as provided in Sections 5.02 and 5.11. At the written direction of the Borrower, the Trustee shall disburse amounts in the Escrow Fund to make payments when due for amounts required in connection with real estate taxes, if applicable, fire or property insurance for the Project, or other similar payments in the following order of priority: (i) real estate taxes for the Project, if applicable; and (ii) insurance for the Project.

(b) If the Trustee has notice that a premium on insurance required by Section 5.14 of the Loan Agreement or that taxes, assessments or charges required by Section 5.13 of the Loan Agreement are due and there are insufficient moneys in the Escrow Fund to pay such amounts when due, and not later than the earlier of (i) 10 Business Days after a written request to the Borrower for payment of such amounts or (ii) the date on which failure to pay such amounts would result in cancellation of the related policy or foreclosure of the Project, as applicable, the Trustee shall pay such amounts, first from money on deposit in the Replacement Reserve Fund, then from money on deposit in the Bond Fund.

ARTICLE VI DEPOSIT OF BOND PROCEEDS AND ADDITIONAL AMOUNTS; PROJECT FUND AND COST OF ISSUANCE FUND

Section 6.01. Deposits.

(a) The Trustee is directed to deposit the proceeds from the sale of the Bonds in the amount of \$25,000,000 received on the Closing Date in the Bond Proceeds Account of the Project Fund. On the Closing Date, the Trustee is directed to transfer (i) \$_____ from the Bond Proceeds Account of the Project Fund to the Interest Account of the Bond Fund to pay capitalized interest on the Bonds; and (ii) \$_____ from the Bond Proceeds Account of the Project Fund to the Cost of Issuance Fund to pay Costs of Issuance.

(b) The Trustee is directed to deposit upon receipt the Borrower Contribution from or on behalf of the Borrower on the Closing Date into the Borrower Contribution Account of the Project Fund, and thereafter all equity installments under the Limited Partnership Agreement are to be so deposited.

Section 6.02. Project Fund and Cost of Issuance Fund.

(a) The Issuer hereby directs the Trustee to establish and maintain the Project Fund and the Cost of Issuance Fund. The Project Fund shall consist of the Bond Proceeds Account and the Borrower Contribution Account. The Project Fund shall be maintained until the transfer of all funds from the Project Fund. So long as the Initial Purchaser is the Significant Bondholder, the Trustee shall establish and maintain the Project Fund and all accounts therein at

the Initial Purchaser except to the extent the Initial Purchaser has consented otherwise; provided, however, at no time shall the Initial Purchaser have any security interests in such fund and accounts other than as same are subject to the lien of this Indenture, and the Initial Purchaser, in purchasing the Bonds, hereby waives all rights of set-off, banker's liens and similar rights whether existing under law or by contract, including any documentation in agreements or applications outside of the bond proceedings needed to establish the accounts or signature cards..

(b) [Reserved].

(c) The Trustee shall make payments from the Project Fund upon receipt of a written requisition, in the form attached as Exhibit C, approved by the Financial Monitor and the Significant Bondholder, and in the case of any Costs of Issuance in the form attached as Exhibit D. The Borrower must certify in such requisition that all money to be disbursed from the Bond Proceeds Account of the Project Fund shall be applied only to the payment of Project Costs such that, as of the date of final allocation of Bond proceeds to expenditures, at least 95% of Net Proceeds of the Bonds will be expended for Qualified Project Costs. No disbursement from the Bond Proceeds Account may be used for any purpose other than the payment of, or reimbursement for the payment of, Project Costs. The Trustee may conclusively rely on the representations of the Borrower contained in such requisitions as approved by the Financial Monitor and the Trustee shall be relieved of all liability with respect to payments made in accordance with such requisitions without inspection of the Project or any other investigation.

(d) Upon the prepayment of the Note in full for any reason prior to the Project Completion Date, all money and investments in the Bond Proceeds Account of the Project Fund (other than money held to pay costs required to be paid but not yet payable as approved in writing by the Financial Monitor) shall be transferred to the Redemption Fund and applied to the mandatory redemption of the Bonds in accordance with Section 4.03.

(e) Upon the earlier of (i) the date which is twelve months after the Project Completion Date, (ii) the third anniversary of the Closing Date (as such date may be extended by delivery of a Favorable Opinion of Bond Counsel to the Issuer and the Trustee), or (iii) the Stabilization Date, any money remaining on deposit in the Bond Proceeds Account of the Project Fund shall, for (i) or (iii), with the prior consent of the Significant Bondholder, be transferred to the Redemption Fund to be applied to the payment of the redemption of the Bonds then Outstanding as selected by the Significant Bondholder in accordance with Section 4.03.

(f) Money remaining in the Borrower Contribution Account of the Project Fund following the Project Completion Date shall be applied as follows:

(i) First, upon written request of the Borrower to the payment of any remaining Project Costs which have not previously been paid or reimbursed; and

(ii) Second, to the Borrower.

(g) The Trustee may rely fully on the representations contained in any written order by the Borrower and the Financial Monitor or in any supporting certificate delivered pursuant to this Indenture and the Loan Agreement and shall not be required to make any investigation or inspection of the Project in connection therewith.

(h) Amounts in the Cost of Issuance Fund shall be disbursed by the Trustee only to pay Costs of Issuance upon receipt of a Written Requisition of the Borrower substantially in form attached hereto as Exhibit D, which requisition shall state the amount to be paid, the payee and the purpose for such payment. Upon the date that is ninety (90) days following the Closing Date, the Trustee shall transfer all amounts remaining in the Bond Proceeds Account and the Borrower Contribution Account of the Cost of Issuance Fund to the corresponding account of the Project Fund.

(i) No payments from the Project Fund shall be made without the prior written consent of the Significant Bondholder after Significant Bondholder's construction monitor has reviewed the Project, the fee of such construction monitor to be paid by Borrower as its sole cost and expense.

(j) No change orders or change in the budget shall be approved without the prior written consent of the Significant Bondholder.

Section 6.03. Requisitions. The Trustee shall retain in its possession all requisitions received by it as herein required, subject to the inspection of the Borrower, the Issuer and the Owners of Bonds and their representatives at all reasonable times.

Section 6.04. Insurance and Condemnation Proceeds Fund.

(a) The Borrower will deposit money representing a Condemnation Award or Insurance Proceeds that exceeds \$25,000 with the Trustee. The Trustee will deposit the money into the Insurance and Condemnation Proceeds Fund established at that time by the Trustee. The Trustee shall give notice of such deposit to the Financial Monitor and the Servicer. Such account need not be created until required. Earnings on investments held in the Insurance and Condemnation Proceeds Fund shall be retained therein to be applied in accordance with this Section 6.04.

(b) To the extent there has been a determination pursuant to the Mortgage and the Loan Agreement to restore the Project, the Condemnation Award or Insurance Proceeds shall be expended in accordance with the provisions of the Loan Agreement and the Mortgage and Sections 3 and 4 of the Disbursing and Servicing Agreement. Amounts on deposit in the Insurance and Condemnation Proceeds Fund shall be disbursed by the Trustee for the repair or replacement of the Project upon the receipt by the Trustee from the Borrower of:

(i) requisitions, accompanied by the written approval of the Financial Monitor and the Significant Bondholder;

(A) specifying the requisition number, the amount requested, and the names and addresses of the persons to which such amounts shall be paid; and

(B) certifying that:

(1) the amounts requested were made or incurred or financed and were necessary for the Project and were made or incurred in substantial accordance with the construction contracts, plans and specifications, if any, theretofore in effect;

(2) the amount paid or to be paid, as set forth in such requisition, represents a part of the amount due and payable for the cost of repairing or replacing the Project and such payment was not paid in advance of the time, if any, fixed for payment and is being made in accordance with the terms of any contracts applicable to the Project and in accordance with usual and customary practice under existing conditions;

(3) no part of the amounts requisitioned in such requisition has been included within amounts referred to in any requisition previously filed (and paid) with the Trustee from such Condemnation Award or Insurance Proceeds, as the case may be, under the provisions of this Section 6.04;

(4) the amount remaining in the Insurance and Condemnation Proceeds Fund, together with expected investment earnings on the Insurance and Condemnation Proceeds Fund and not required to be deposited into the Rebate Fund and other funds available to the Borrower, will be sufficient to pay the entire cost of repairing or replacing the Project which has been harmed by the casualty or condemnation, as the case may be, substantially in accordance with the construction contracts, plans and specifications and building permits therefor, if any, currently in effect;

(5) no event of default has occurred and is continuing under the Loan Agreement, the Regulatory Agreement, the Ground Lease, the Mortgage or the Note and nothing has occurred to the knowledge of the Borrower that would prevent the performance of its obligations under this Indenture, the Loan Agreement, the Regulatory Agreement, the Ground Lease, the Mortgage or the Note; and

(6) the Borrower is current in the provision of information required by Sections 5.09 and 5.10 of the Loan Agreement;

Provided, however, that the requirements in subsections (5) and (6) above shall be waived upon written direction of the Financial Monitor and the Significant Bondholder.

(ii) invoices or bills evidencing the amounts due in connection with such requisition; and

(iii) if such net proceeds exceed \$250,000:

(A) an architect's certificate stating that such repairs or replacements are practical and necessary, have been completed in accordance with plans and specifications previously provided to the Trustee, the Significant Bondholder, and the Financial Monitor and that such repairs or replacements comply with all applicable statutes, codes and regulations; and

(B) applicable lien waivers (subject to Borrower's right to contest liens diligently and in good faith, as may be provided in the other Loan Documents).

If at any time during the restoration, the Condemnation Award or Insurance Proceeds are less than the estimated costs to repair or restore the Project, the Borrower shall be responsible for paying all amounts of such shortfall. If after completion of any such repairs or replacements, any funds remain in the Insurance and Condemnation Proceeds Fund, the remaining funds shall be transferred by the Trustee to the Redemption Fund and used to prepay the Loan and to redeem Bonds pursuant to Section 4.04; provided, however, such remaining funds shall first be paid to the Borrower in an amount not to exceed the amount paid by the Borrower, if any, to cover any shortfall. Notwithstanding the above provisions, all proceeds of business interruption insurance shall be collected and deposited by the Trustee into the Bond Fund created under this Indenture.

In the event there is a determination pursuant to the Mortgage and the Loan Agreement not to restore the Project, such Condemnation Award or Insurance Proceeds shall be transferred to the Redemption Fund and applied to the extraordinary mandatory redemption of Bonds in accordance with Section 4.04.

Section 6.05. Money Held in Trust; Investment of Money.

(a) All money from time to time received by the Trustee and held in the funds and accounts created hereby (other than the Rebate Fund and the Administrative Expenses Account), shall be held in trust as security for the benefit of the Owners of the Bonds. All such money shall be invested in Eligible Investments as directed in writing by the Borrower, provided that for so long as the Initial Purchaser is the Significant Bondholder, only to the extent such investments may be made in a manner that complies with Section 5.01 or Section 6.02(a), as the case may be.

(b) Any such investments shall be held by or be under the control of the Trustee. The Trustee will liquidate a sufficient amount of such investments whenever the cash balance in the applicable fund or account is insufficient to pay amounts required to be paid therefrom, whether or not the same results in a loss, and the Trustee shall have no liability for any such loss. Any money held as a part of any fund or account herein shall be invested or reinvested in Eligible Investments at the request of and as directed in writing by the Borrower. The Trustee may conclusively rely on any investment directed by the Borrower as being permitted by the Tax Agreement.

Section 6.06. Investment Earnings.

(a) Earnings on investments held in all funds and accounts (except as provided below) shall be deposited to the Bond Fund and retained therein and applied in the manner prescribed by Section 5.02. Earnings on investments held in the Borrower Contribution Account of the Project Fund shall be held in the Borrower Contribution Account. Earnings on investments held in the Bond Proceeds Account of the Project Fund (if any), the Bond Fund, the Rebate Fund and the Replacement Reserve Fund shall be retained in the respective fund or account and applied to the respective purposes thereof. Earnings on the Insurance and Condemnation Proceeds Fund shall be retained therein until applied as provided in Section 6.04.

(b) The Trustee shall keep separate records with respect to each fund, account and subaccount established under this Indenture for the purposes of accounting for all amounts earned on amounts therein, withdrawn therefrom and transferred thereto.

Section 6.07. Tax Covenants Related to Bonds. To the extent of its control, the Issuer covenants and agrees that until the final maturity of the Bonds, based upon the Borrower's covenants in Section 2.07 of the Loan Agreement, it will not use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds to be "arbitrage bonds," within the meaning of section 148 of the Code.

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

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

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

(d) All officers, employees and agents of the Issuer are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Issuer as of the Closing Date. In complying with the foregoing covenants, the Issuer may rely from time to time upon a Favorable Opinion of Bond Counsel.

(e) Notwithstanding any provision of this Indenture or the Loan Agreement to the contrary, the Trustee shall not be liable or responsible for any calculation or determination that may be required in connection with or for the purpose of complying with Section 148 or any applicable Treasury regulation (the "Arbitrage Rules"), including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of the Arbitrage Rules, the maximum amount that may be invested in "nonpurpose obligations," as defined in the Code, and the fair market value of any investment made under this Indenture, it being understood and agreed that the sole obligation of the Trustee with respect to investments of funds hereunder shall be to invest the money received by the Trustee pursuant to the written

instructions of the Borrower given in accordance with the provisions of this Indenture. The Trustee shall have no responsibility for determining whether or not the investment made pursuant to the written direction of the Borrower or any of the instructions received by the Trustee under this Indenture comply with the requirements of the Arbitrage Rules and shall have no responsibility for monitoring the obligations of the Borrower or the Issuer for compliance with the provisions of this Indenture with respect to the Arbitrage Rules.

(f) Notwithstanding anything contained in this Indenture, or in any other instrument to the contrary, the Trustee shall not be under any duty to evaluate, verify or otherwise independently confirm the compliance of any instruction it receives from the Borrower, the Issuer, Bond Counsel or any Rebate Analyst for compliance with the requirements of Sections 103(a) or 148 of the Code or any applicable provisions of this Indenture.

(g) To the extent that published rulings of the Internal Revenue Service, or amendments to the Code or the Regulations modify the covenants of the Issuer or the Trustee that are set forth in this Indenture or which are necessary for interest on the Bonds to be excludable from gross income for federal income tax purposes, the Trustee and the Issuer will comply with such modifications upon the direction of Bond Counsel specifying such modifications, provided if the Trustee determines that the modifications impose increased costs on the Trustee, the Trustee Fee shall be increased to cover the costs of the modifications.

ARTICLE VII SPECIAL COVENANTS

Section 7.01. Enforcement of Obligations. The Issuer agrees that it will cooperate with the Trustee to enforce all obligations of the Borrower under the Loan Documents. Subject to the terms and conditions of Article VII and Section 9.05 hereof, the Trustee, acting jointly with or independently of, but, if necessary, in the name of, the Issuer, shall have, and is hereby assigned and granted the full and complete right and power to enforce all obligations of the Borrower under the Loan Agreement and all other documents and instruments relating to the issuance, payment and security of the Bonds, and to act in the name, place and stead of the Issuer for that purpose.

Section 7.02. Amendments to Agreement; Assignments. Subject to Sections 11.06 and 11.08, the Issuer will not enter into any agreement with the Borrower amending the Loan Agreement or any of the other Loan Documents or waive any provision thereof except in accordance with this Indenture and with the prior written consent of the Owners of a majority of aggregate principal amount of the Outstanding Bonds (unless such amendment is required by applicable law in the opinion of Bond Counsel or if required pursuant to Section 7 of the Regulatory Agreement) and any other purported amendment or waiver shall be void and of no force and effect; and, except for the assignments to the Trustee herein, the Issuer will not sell, transfer or otherwise dispose, assign or encumber its interest in any part or all of the Trust Estate (including without limitation the Loan Documents) and any such purported sale, transfer or other disposition, assignment or encumbrance shall be void and of no force and effect.

Section 7.03. Further Instruments and Actions. The Issuer will from time to time execute and deliver such further instruments and take such further actions as may be reasonably required to perfect the security interests herein granted and to carry out the purposes hereof.

Section 7.04. Financial Statements. The Borrower shall provide to the Trustee, the Financial Monitor, the Significant Bondholder and each Owner at the Borrower's expense financial statements in accordance with the requirements of the Loan Agreement. Not later than 10 Business Days after each March 31, the Trustee shall deliver to the Financial Monitor, the Significant Bondholder and each Owner, according to its written direction at the address supplied to the Trustee by each or its authorized representative, an annual statement of transactions and holdings as of December 31 of the prior year. The Trustee shall provide to the Issuer within 30 days following each June 30 during which the Bonds are Outstanding, written information as to the aggregate principal amount of Bonds Outstanding at the close of business on the immediately preceding June 30.

Section 7.05. Debt Service Coverage Ratio.

(a) Upon the Stabilization Date and receipt of financial statements provided by the Borrower pursuant to Section 5.09(a) of the Loan Agreement, commencing upon receipt of the first such financial statements, the Financial Monitor shall verify in writing to the Trustee and the Borrower the Debt Service Coverage Ratio for the preceding Fiscal Year on each Debt Service Coverage Determination Date. If, based upon such verification, the Debt Service Coverage Ratio for any such preceding Fiscal Year is less than 1.15:1.00, the Significant Bondholder, if any, or in the absence of a Significant Bondholder, a majority of the Bondholders, may direct the Borrower to engage a Housing Consultant at the Borrower's expense and acceptable to the Significant Bondholder, if any. Any Housing Consultant engaged pursuant to this Section 7.05 shall be required, as a condition to its employment, to deliver to the Trustee, the Borrower, the Significant Bondholder and each Owner requesting the same at the address supplied to the Trustee by such Owner or its authorized representative, a report of its findings with respect to the management and operation of the Project, within 60 days of employment as Housing Consultant.

(b) If, based upon such verification, the Debt Service Coverage Ratio for any such preceding 12-month period is less than 1.05:1.00, unless waived in writing by the Significant Bondholder, if any, or in the absence of a Significant Bondholder, a majority of the Bondholders, the Borrower pursuant to Section 4.03 of the Loan Agreement shall immediately begin to remit to the Trustee upon receipt all Project Revenues, less current Operating Expenses, which cumulatively equal or exceed \$1,000. The amounts so received shall be deposited and applied by the Trustee in accordance with Section 5.02(b). The Borrower may direct the Trustee, in writing, to return to the schedule of deposit and application of money set forth in Section 5.02(a) if the Debt Service Coverage Ratio for a 6-month period ending on any quarter (including unaudited quarterly results for such purpose) exceeds 1.15:1.00 and to transfer amounts remaining in the Bond Fund to the Borrower.

(c) If the Borrower has not provided quarterly reports or financial statements for the applicable period preceding a Debt Service Coverage Determination Date, and such failure to deliver such quarterly reports or financial statements continues after 30 days' written notice by the Financial Monitor to the Borrower, then the provisions of Section 5.02(b) shall apply. Upon the delivery of such quarterly reports and financial statements the provisions of Section 5.02(b) shall cease to apply unless applicable pursuant to provisions of this Indenture other than this Section 7.05(c).

Section 7.06. Instruments of Further Assurance. The Issuer covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming to the Trustee all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds. The Issuer covenants and agrees that, except as herein and in the Mortgage provided, it will not sell, convey, assign, pledge, encumber or otherwise dispose of any part of the Trust Estate.

Section 7.07. Recording and Filing; Further Instruments.

(a) The Trustee hereby agrees to prepare and request that the Borrower execute (if such execution is required for any such filing) and file in a timely manner (if received from the Borrower in a timely manner, if execution by the Borrower is necessary) any and all continuation statements as might be required under the Uniform Commercial Code in order to continue the security interests granted or assigned to the Trustee in the Mortgage. The Borrower shall be responsible for and shall pay any reasonable expenses, including legal fees incurred under this Section.

(b) Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial filings of any financial statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such filings, and unless the Trustee shall have been notified by the Borrower that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in relying on such initial filing and descriptions in filing any financing or continuation statement(s) pursuant to this Section.

ARTICLE VIII DEFAULTS AND REMEDIES

Section 8.01. Events of Default.

(a) Each of the following events is hereby declared an Event of Default:

(i) failure to pay the principal (whether due at maturity, or otherwise) or redemption price of or sinking fund requirement or interest on the Bonds when due or to redeem Bonds on the date on which such redemption is required to be made;

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Issuer or the Borrower contained in the Loan Documents or this Indenture (except a failure by the Borrower to pay sums due for deposit in the Administrative Expenses Account, other than the Trustee's fees), after written notice thereof has been given to the Issuer or the Borrower, as applicable, by the Trustee or the Significant Bondholder, if any, the Servicer or the Financial Monitor, in accordance with Section 8.01(b);

(iii) under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the whole or any substantial part

of the Project, and such custody or control is not terminated within 30 days from the date of assumption of such custody or control; or

(iv) the occurrence of any event of default (however denominated) under any Bond Document (to the extent not addressed in Section 8.01(a)(i) and 8.01(a)(ii) above) or Loan Document and the continuation of such default beyond any applicable notice, grace or cure period.

(b) Anything herein to the contrary notwithstanding, no default under Section 8.01(a)(ii) shall constitute an Event of Default until (i) notice of such default shall have been given by the Trustee to the Issuer, the Borrower, the Financial Monitor and the Servicer or the Significant Bondholder, if any, or the Owners of a majority in principal amount of Outstanding Bonds and (ii) the Borrower shall have had 30 days after receipt of such notice by the Borrower to correct such default or cause such default to be corrected, and shall not have corrected such default or caused such default to be corrected within the applicable period.

(c) The Significant Bondholder, if any, or the Owners of a majority of the aggregate principal amount of Bonds Outstanding may waive any Event of Default hereunder and upon such waiver the occurrence of such event shall not be deemed an Event of Default hereunder. No waiver shall be effective unless in writing and signed by the party making the waiver. In the event any agreement contained in this Indenture should be breached and thereafter waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.02. Rescission of Event of Default. If within 45 days of the occurrence of an Event of Default, other than under Section 8.01(a)(i), and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under this Indenture, (a) money sufficient to pay the principal of all Bonds then matured, purchased or called for redemption (except by virtue of declaration of the acceleration of the maturity of the Bonds) and all arrears of interest, if any, upon Bonds then Outstanding (except by virtue of such declaration and the interest accrued on Bonds since the last Bond Payment Date) has accumulated in the Bond Fund, (b) all amounts then payable by the Issuer hereunder have been paid or a sum sufficient to pay the same has been deposited with the Trustee, and (c) every other default in the observance or performance of any covenant, condition, agreement or provision contained in the Bonds or in this Indenture (other than a default in the payment of the Bonds then due only because of an acceleration pursuant to Section 8.03) has been remedied to the satisfaction of the Trustee, then and in every such case the Trustee shall, upon the written request of the Significant Bondholder, if any, or the Owners of a majority in aggregate principal amount of the Outstanding Bonds not then due except by virtue of such Event of Default, by written notice to the Issuer and the Borrower, rescind and annul such Event of Default and its consequences, but no such rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 8.03. Remedies.

(a) Upon the occurrence and continuance of any Event of Default specified in Section 8.01(a) which has not been rescinded as provided in Section 8.02, then and in every such case the Trustee (unless such action is rescinded pursuant to Section 8.02 and except as provided in the last sentence of this Section 8.03(a)), subject to Section 9.05, may proceed, and upon the happening and continuance of any Event of Default specified in Section 8.01(a)(iii) or upon the written request of the Significant Bondholder, if any, or the Owners of not less than a majority of the aggregate principal amount of the Bonds then Outstanding (unless such action is rescinded pursuant to Section 8.02), subject to Section 9.05, shall proceed, subject to the provisions of the succeeding paragraph of this Indenture, to protect and enforce its rights and the rights of the Owners under applicable laws and under this Indenture:

(i) by such suits, actions or special proceedings in equity, under contract, or at law, or by proceedings in the office of any board or officer having jurisdiction, for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights;

(ii) exercise any rights and remedies with respect to the Trust Estate as may be available to a secured party under the Uniform Commercial Code or other applicable law; and

(iii) by notice in writing to the Owners, the Borrower, and the Issuer, declare the entire Outstanding principal amount of the Bonds to be immediately due and payable, and upon any such declaration the same shall become and shall be immediately due and payable.

In addition, the Trustee may exercise any and all remedies afforded the Issuer under the Loan Documents in its name or the name of the Issuer without the necessity of joining the Issuer.

(b) In the enforcement of any remedy under this Indenture the Trustee shall be entitled to sue for, enforce payment of, and receive any and all unpaid amounts then or during any default becoming, and at any time remaining, due from the Borrower for principal, redemption price, interest or otherwise under any of the provisions of this Indenture or of the Note or the Bonds, with interest on overdue payments of principal, at the Maximum Interest Rate together with any and all costs and expenses of collection and of all proceedings hereunder and under such Note or the Bonds, without prejudice to any other right or remedy of the Trustee or of the Owners, and to recover and enforce any judgment or decree against the Borrower, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid and interest costs and expenses as above provided, and to collect (but solely from money in the funds and accounts pledged to secure the Bonds under the provisions of this Indenture and any other money available for such purpose) in any manner provided by law, the money adjudged or decreed to be payable.

(c) Notwithstanding any provision or obligation to the contrary herein set forth and except as otherwise provided in the Loan Documents, including, but not limited to Section 8.12(b) of the Loan Agreement, commencing on the Stabilization Date, (i) the liability of the Borrower, and others described in Section 8.12 of the Loan Agreement under this Indenture and under any other agreement executed and delivered in connection with the Bonds or the Project shall be limited to its interest in the Project, and the parties hereto shall look exclusively thereto and to such other security as may from time to time be given for payment of the obligations hereunder, and any judgment rendered against the Borrower and others described in Section 8.12 of the Loan Agreement under this Indenture shall be limited to the Project and any other security so given for satisfaction thereof; and (ii) no deficiency or other personal judgment, nor any order or decree of specific performance shall be rendered against the Borrower and others described in Section 8.12 of the Loan Agreement under this Indenture and under any other agreement executed and delivered in connection with the Bonds or the Project, their heirs, personal representatives, successors, transferees or assigns, as the case may be, in any action or proceeding arising out of this Indenture, or any judgment, order or decree rendered pursuant to any such action or proceeding.

Section 8.04. Occurrence of Event of Default. Following the occurrence of an Event of Default and recovery of money under this Indenture, the Trustee shall, subject to the requirements of Section 9.02 and the conditions set forth in Section 9.05, apply money in all funds and accounts (except the Rebate Fund and the Administrative Expenses Account), together with amounts recovered under the Note or in connection therewith, insofar as necessary to make timely payments of principal of and premium, if any, and interest on the Bonds to the Owners as scheduled under the Bonds and as provided in Section 5.02(a) or (b), as applicable, or, if the Bonds have been accelerated, to pay all principal, premium, if any, and interest payable on the Bonds as a result of such acceleration, such amounts to be applied as follows and in the following order of priority:

(a) To the payment of the costs and expenses of the the Issuer and the Trustee, including, but not limited to, reasonable attorneys' fees, in connection with any sale of the Project and the payment of all taxes or assessments prior to the lien of the Mortgage, except any taxes, assessments, liens, or other charges, subject to which the Project shall have been sold or disposed;

(b) To the payment to the Issuer and the Trustee of all fees, expenses and indemnification due and owing to the Issuer and the Trustee by the Borrower under this Indenture and the Loan Documents;

(c) To the payment of the whole amount then due, owing and unpaid upon the Bonds, for principal, premium, if any, and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing and unpaid upon the Bonds, then payment shall be made pursuant to Section 8.05;

(d) To reimburse the Owners for any amounts advanced to the Trustee pursuant to Sections 8.08 and 9.05; and

(e) To the payment of any other sums required to be paid by the Borrower pursuant to the provisions of this Indenture or the Loan Documents.

Section 8.05. Application of Funds.

(a) Anything in this Indenture to the contrary notwithstanding, but subject to Sections 8.04, 9.02 and 9.05, if at any time the money in the funds and accounts established hereunder is not sufficient to pay the interest on and the principal and redemption price of the Bonds as the same become due and payable (either by their terms, by redemption or by acceleration), such money (excluding any proceeds of the Bonds which shall only be used for the purposes provided in the SECOND and THIRD clauses below), together with any money then available or thereafter becoming available for such purposes, whether through the exercise of the remedies provided for in this Article VIII or otherwise, shall be applied as follows:

FIRST, to the payment of costs and expenses of suit or settlement, if any, and the reasonable compensation of the Trustee and the Issuer (including the Trustee Fee and the Issuer Fee) and their agents, attorneys, experts and advisors actually incurred, and of all proper expenses, liabilities and advances incurred or made hereunder by the Trustee or the Issuer and of all taxes, assessments or liens superior to the lien of the Mortgage, except any taxes, assessments or other superior liens subject to which sale of the Project may have been made;

SECOND, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds until paid in full, in the direct order of the maturity of the installments of such interest and, if the amounts available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege, except that payments will be made on the Bonds;

THIRD, to the payment to the persons entitled thereto of the unpaid principal and premium, if any, on any of the Bonds until paid in full which shall have become due (other than Bonds which have matured or otherwise become payable prior to such Event of Default and money for the payment of which are held in the Bond Fund or otherwise held by the Trustee) and, if the amount available shall not be sufficient to pay in full the amount of principal and premium, if any, due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege, except that payments will be made on the Bonds;

FOURTH, to the payment of Administrative Expenses (other than those provided for by FIRST above);

FIFTH, with respect to any excess foreclosure proceeds, to any subordinate lienholders, if any, as their interests may appear, and the balance of

such foreclosure proceeds, if any, together with any amounts remaining in the Replacement Reserve Fund and the Escrow Fund, to the Borrower; and

SIXTH, the remainder shall be paid to the Borrower.

(b) All payments to be made to the Owners pursuant to this Section 8.05 shall be made ratably to the persons entitled thereto, without discrimination or preference, and except that if there are insufficient funds to make any payment of interest or principal then due, the amount to be paid in respect of principal or interest, as the case may be, on each Bond shall be determined by multiplying the aggregate amount of the funds available for such payment by a fraction, the numerator of which is the amount then due as principal or interest, as the case may be, on each Bond and the denominator of which is the aggregate amount due in respect of all interest or all principal, as the case may be, on all Bonds and provided further that all payments shall be made to the Owners of the Bonds until paid in full.

(c) Whenever money is to be applied by the Trustee pursuant to the provisions of this Section 8.05, (i) such money shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion determines, having due regard for the amount of such money available for such application and the likelihood of additional money becoming available for such application in the future and additional expenses anticipated under Sections 8.04(a) and (b); and (ii) the Trustee shall incur no liability whatsoever to the Issuer, to any Owner or to any other person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee exercises such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date unless the Trustee deems another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond is surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

Section 8.06. Effect of Discontinuance of Proceedings. If any proceeding taken by the Trustee or Owners on account of any Event of Default is discontinued or abandoned for any reason, then and in every such case the Issuer, the Borrower, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 8.07. Control of Proceedings by Owners; Limitation on Exercise by Issuer and Trustee. Anything in this Indenture to the contrary notwithstanding, but subject to the provisions of Section 8.03, the Owners of a majority of the Bonds then Outstanding hereunder shall have the right, subject to the provisions of Sections 9.02 and 9.05, by an instrument or concurrent instruments in writing, executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise contrary to law or provisions of this Indenture. Notwithstanding the foregoing, the Trustee shall not be required, after making such determinations, to foreclose the Mortgage or take, in its name, a deed in lieu of foreclosure,

including environmental audits, if it determines in its judgment that taking title or possession of the Project would expose it to environmental liability; provided, however, the Significant Bondholder or the Financial Monitor may remove the Trustee pursuant to Sections 9.11 and 9.12 hereof in order to proceed with such right of foreclosure.

The Issuer and the Trustee hereby agree that, during the occurrence of an Event of Default hereunder or a default under the Loan Agreement or the Regulatory Agreement, neither shall seek, in any manner, to: (a) cause or direct acceleration of the Loan or the Note; (b) enforce the Note; (c) foreclose on the Mortgage; (d) cause redemption of the Bonds or declare the principal of the Bonds and the interest accrued on the Bonds to be immediately due and payable; or (e) take any other action under any of the Loan Documents or any other documents which action would or could have the effect of achieving any one or more of the actions, events or results described in the preceding clauses (a) through (d), without the prior written consent of the Owners of a majority of the Bonds then Outstanding; provided that the Issuer or the Trustee may seek specific performance by the Borrower of the terms of the Loan Agreement or the Regulatory Agreement or enjoin acts which may be in violation of the terms of the Loan Agreement or Regulatory Agreement or which are unlawful.

Section 8.08. Restrictions Upon Action by Individual Owners. Except as provided in Section 8.07, no Owner shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust hereunder or for any other remedy hereunder unless such Owner previously has (a) given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (b) together with the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding made written request of the Trustee to exercise such powers or right of action after such right has accrued, (c) afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, not to exceed thirty (30) days, and (d) offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time, not to exceed thirty (30) days. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or to any other remedy hereunder. It is understood and intended that no one or more Owners hereby secured have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners of such Outstanding Bonds, and that any individual right of action or other right given to one or more of such Owners by law is restricted by this Indenture to the rights and remedies herein provided.

Section 8.09. Actions by Trustee. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all of the Owners of such Bonds, subject to the provisions of this Indenture.

Section 8.10. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

Section 8.11. Delay Not a Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee and to the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient. The Trustee may, and upon written request of the Significant Bondholder, if any, or the Owners of a majority of the aggregate principal amount of Bonds Outstanding shall, waive any Event of Default, but no such waiver shall extend to or affect any other existing or any subsequent Event of Default or impair any rights or remedies consequent thereon. All waivers under this Indenture shall be in writing and a copy thereof shall be delivered to the Issuer and the Borrower.

Section 8.12. Notice of Event of Default. The Trustee shall mail to all Owners at their addresses as they appear on the registration books maintained by the Trustee, written notice of the occurrence of any Event of Default within three (3) Business Days after the Trustee has notice (pursuant to the provisions of Section 9.08) that any such Event of Default has occurred which notice shall include a description of any cure undertaken by or on behalf of the Borrower and any remedy commenced by the Trustee. The Trustee shall mail a copy of such notice to the Borrower, provided that failure to provide such notice shall not subject the Trustee to any liability nor limit any of the remedies available to it. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail any such notice.

Section 8.13. Trustee May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer or the Borrower or any other obligor upon the Bonds or the property of the Issuer, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer and/or the Borrower for the payment of overdue principal or interest) shall be entitled and empowered, and shall, at the written direction of the Significant Bondholder, if any, by intervention of such proceeding or otherwise,

(i) To file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Owners allowed in such judicial proceeding; and

(ii) To collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Owner to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Owners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

(b) The Trustee is hereby appointed, and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective Owners of the Bonds, with authority to make or file, in the respective names of the Owners of the Bonds or on behalf of all Owners of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all Owners of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the Owners of the Bonds against the Trust Estate, the Borrower or any other obligor allowed in receivership, insolvency, liquidation, bankruptcy or other proceeding, to which the Issuer, the Borrower or any other obligor, as the case may be, shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

ARTICLE IX THE TRUSTEE, REGISTRAR AND PAYING AGENT

Section 9.01. Acceptance of Trusts. Subject to the provisions of this Article IX, the Trustee hereby accepts the trusts imposed upon it by this Indenture and the duties placed upon the Trustee by the Loan Agreement, and agrees to perform the same. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts, powers or otherwise.

Section 9.02. Responsibilities of Trustee.

(a) The recitals of fact contained herein and in the Bonds (other than the certificate of authentication) shall be taken as the statements of the Issuer and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or as to the security afforded by this Indenture or the tax-exempt status of the Bonds, and Trustee shall be under no responsibility or duty with respect to the application of any money paid to it except as provided herein or as otherwise expressly agreed by the Trustee. Notwithstanding any other provision hereof, the Trustee shall be under no obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect of this Indenture or relating to the issuance, offering, sale or delivery of the Bonds or the construction, design, occupancy, maintenance, ownership or use of the Project or to advance any of its own money, unless indemnified by the Owners or the Borrower to its reasonable satisfaction. Subject to the provisions of subsection (b) of this Section 9.02, the Trustee shall not be liable in connection with the performance of its duties under this Indenture except only for its own negligence, willful misconduct, or criminal activity.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties that are specifically set forth in this Indenture. No implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (and has not been cured within any applicable grace period) and is continuing hereunder, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. Any provisions of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 9.02.

(c) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by the Borrower to make or cause to be made any of the payments to the Trustee required to be made hereunder or under the Loan Agreement or any other default with respect to which an officer in the Trustee's corporate trust department responsible for the administration of the trust created by this Indenture has actual notice, unless the Trustee shall be specifically notified in writing of such default by the Borrower or by the Owners of at least 10% in aggregate principal amount of Outstanding Bonds, and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the designated corporate trust office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(d) The Trustee shall have no duty or responsibility to assure that the Financial Monitor or the Servicer (notwithstanding any appointment of such Servicer by the Trustee pursuant to Section 5.15 of the Loan Agreement) performs and observes, or causes to be performed and observed, any of their respective duties and obligations.

(e) In performing its duties as Trustee, Paying Agent and Registrar hereunder, and its duties under the Loan Agreement, the Regulatory Agreement, the Disbursing and Servicing Agreement, the Financial Monitoring Agreement, the Mortgage and any other agreement or instrument pertaining to the Bonds, the Trustee shall be entitled to all of the rights, protections and immunities accorded to it as Trustee under this Indenture.

(f) The Trustee is not required to take any action the Trustee reasonably believes may subject the Trustee to liability for any environmental damages or cause a violation of any environmental requirements for which the Trustee may be held responsible.

(g) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, (ii) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder, and (iii) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer, the Owners or the Borrower) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.

(h) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

- (i) any recital in this Indenture or in the Bonds,
- (ii) the validity, priority, recording, re-recording, filing or re-filing of this Indenture, any Supplemental Indenture or the Regulatory Agreement,
- (iii) any instrument or document of further assurance or collateral assignment,
- (iv) any financing statements, amendments thereto or continuation statements,
- (v) insurance of the Project or collection of insurance moneys,
- (vi) the validity of the execution by the Issuer of this Indenture, any Supplemental Indenture or instruments or documents of further assurance,
- (vii) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby,
- (viii) the value of or title to the Project, or
- (ix) the maintenance of the security hereof.

(i) The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Issuer or the Borrower under the Loan Agreement except as set forth hereinafter; but the Trustee may require

of the Issuer or the Borrower full information and advice as to the observance or performance of those covenants, agreements and obligations.

(j) The Trustee shall not be accountable for the application by the Borrower or any other person of the proceeds of any Bonds authenticated or delivered hereunder.

(k) The Trustee shall be protected, in the absence of bad faith on its part, in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person. Any action taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(l) As to the existence or nonexistence of any fact for which the Issuer or the Borrower may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Issuer or the Borrower, as appropriate, as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default hereunder of which the Trustee has been notified, or of which by that paragraph the Trustee is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee in its discretion may require and obtain any further evidence which it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any further evidence.

(m) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Default described in paragraph (a)(i) of Section 8.01 hereof, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Issuer, the Borrower, the Servicer, the Financial Monitor or any Bondholder. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.

(n) At any reasonable time, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives (i) may inspect and copy fully all books, papers and records of the Issuer pertaining to the Project and the Bonds, and (ii) may make any memoranda from and in regard thereto as the Trustee may desire.

(o) Unless otherwise provided herein, all moneys received by the Trustee under this Indenture shall be held in trust for the purposes for which those moneys were received, until those moneys are used, applied or invested as provided herein; provided, that those moneys need not be segregated from other moneys, except to the extent required by this Indenture or by law. The Trustee shall not have any liability for interest on any moneys received hereunder, except to the extent expressly provided herein.

(p) Any resolution by the Issuer, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(q) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture and the Loan Agreement shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(r) Except for compensatory damage; in no event shall the Trustee be responsible or liable for special, indirect, or consequential loss (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Section 9.03. Performance Through Attorneys, Agents, Receivers or Employees.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers, or employees, and shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers, or employees, as may reasonably be employed in connection with the trust hereof. The Trustee may act upon the opinion or advice of counsel approved by the Trustee. The Trustee shall not be answerable for the exercise of any discretion with the trusts hereby created except only for its own willful misconduct, negligence, or criminal activity.

Section 9.04. Fees, Expenses, Charges and Other Disbursements. Payment shall be made to the Trustee, solely from the Administrative Expenses Account as provided by Section 5.05, for the Trustee Fee and extraordinary expenses incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder; provided the Borrower will be liable therefor in the event the funds on the Administrative Expenses Account are insufficient. During an Event of Default, if such payment has not been made, the Trustee may deduct the same from any money coming into the hands of the Trustee (except from money designated for payment to the United States of America for rebatable arbitrage) and shall be entitled to a preference in payment over any of the Bonds Outstanding hereunder. No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. In the event that the Trustee incurs expenses or renders services after the occurrence of any event described in Section 7.01(j) of the Loan Agreement, then, in addition to any other rights of the Trustee, the Trustee Fee and such expenses are intended to constitute expenses of administration under any applicable federal or state bankruptcy, reorganization, insolvency, conservatorship, arrangement, moratorium, reorganization or other debtor relief law.

Section 9.05. Obligation To Take Action. Except as provided in Section 9.02(b), the Trustee shall be under no obligation to take any action in respect of any Event of Default, or to institute, appear in or defend any suit or other proceedings in connection therewith, unless requested in writing so to do by the Significant Bondholder, if any, or the Owners of a majority of the aggregate principal amount of Bonds Outstanding if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it; however, the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provisions of this Indenture to the Trustee to take action in respect of any Event of Default without such notice or request from the Owners, or without such security or indemnity. The permissive rights of the Trustee under this Indenture shall not be construed as duties and the Trustee shall not be answerable for other than its gross negligence, willful default, or criminal activity.

Section 9.06. Reliance by Trustee. The Trustee, the Registrar and the Paying Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which they shall in good faith believe (a) to be genuine, (b) to have been passed or signed by the purported proper board, body or person, and (c) to have been prepared and furnished pursuant to any of the provisions of this Indenture or the Loan Agreement, and they shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee, the Registrar and the Paying Agent shall not be bound to recognize any person as an Owner of any Bond to take any action at his request unless such Bond shall be deposited with the entity being requested to take such action or evidence satisfactory to the Registrar of the ownership of such Bond shall be furnished to the entity being requested to take such action. Notwithstanding any provision herein, the Trustee is hereby authorized to follow the directions of the Servicer and the Initial Purchaser, and rely on the approvals and consents of the Servicer and the Initial Purchaser, given in compliance with the requirements of the Disbursing and Servicing Agreement.

Section 9.07. Monthly Statement From Trustee. In addition to the statements required to be delivered pursuant to other Sections hereof, it shall be the duty of the Trustee, within 10 days after the end of each calendar month after the delivery of the Bonds to file with the Issuer (upon its request) and mail (or email) to the Borrower, the Servicer, the Financial Monitor, and the Significant Bondholder a statement setting forth in respect of such month:

- (a) The amount withdrawn or transferred by it from, and the amount deposited in, each fund or account held by it under the provisions of this Indenture;
- (b) The amount on deposit in each fund or account at the end of such month;
- (c) A brief description of all obligations held by it as an investment of money in each fund or account and the income or loss, if any, that was charged to each fund or account in such month; and

(d) The amount applied to the payment or redemption of Bonds hereunder and a description of the Bonds or portion of Bonds so paid, purchased or redeemed.

Section 9.08. Notice of Event of Default. The Trustee shall immediately give notice to the Issuer, the Financial Monitor, the Servicer and the Significant Bondholder, with a copy to the Borrower of any Event of Default specified in Section 8.01(a)(i). With respect to any other Event of Default, the Trustee shall give notice to the Issuer, the Financial Monitor, and the Significant Bondholder, with a copy to the Borrower, as soon as the Trustee is notified or takes notice of such other Event of Default. The Trustee shall not be liable to the Borrower for failure to give the notices described in this paragraph and such failure shall not limit or restrict the remedies available to the Trustee as a result of such Event of Default.

Section 9.09. Trustee May Own Bonds. The Trustee, either as principal or agent, or in any other commercial or banking capacity, may engage in or be interested in any financial or other transaction with the Issuer or the Borrower, and may act as depository, trustee, or agent for any committee or body of Owners of the Bonds secured hereby or other obligations of the Issuer as it were not Trustee hereunder.

Section 9.10. Resignation by Trustee. The Trustee may resign and be discharged of the trusts created by this Indenture by executing an instrument in writing resigning such trust and specifying the date when such resignation is expected to take effect, and filing the same with the Issuer and a copy thereof with Owners and the Borrower not less than 30 days before the date specified in such instrument when such resignation is expected to take effect. Upon receiving such notice of resignation, the Borrower shall appoint a successor trustee acceptable to the Issuer, the Servicer, the Financial Monitor and to the Significant Bondholder, if any, by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor Trustee, the Issuer, the Initial Purchaser (but only so long as the Initial Purchaser is the Significant Bondholder), the Servicer and the Financial Monitor. Any resignation of the Trustee shall become effective only upon acceptance of appointment by the successor Trustee. A resigning Trustee shall be entitled to retain from any funds in its custody (other than the Rebate Fund or funds representing proceeds of the Bonds), an amount equal to its unpaid fees and expenses incurred pursuant to this Indenture, provided that the resigning Trustee delivers to the Issuer and the Borrower an accounting of the unpaid fees and expenses at least 10 Business Days prior to exiting the trust.

Section 9.11. Removal of Trustee. The Trustee (or Paying Agent or Registrar) may be removed for cause at any time, or without cause upon 30 days' written notice, by an instrument or concurrent instruments in writing delivered to the Trustee and the Issuer and signed by any one (1) of the following: the Borrower (if the Borrower is not in default under the Loan Agreement), the Issuer (if the Borrower is in default under the Loan Agreement), the Financial Monitor or the Significant Bondholder. Removal shall not be effective until such time as a successor Trustee has been appointed and has accepted such appointment. The Issuer, the Borrower, the Financial Monitor, or the Significant Bondholder may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee. If no successor Trustee has been appointed and has accepted appointment within 30 days following delivery of the required notices of removal, the removed Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 9.12. Appointment of Successor Trustee in the Event of Removal.

(a) In the event the Trustee shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith and ipso facto exist in the office of Trustee and within a period of 30 days thereafter, a successor acceptable to the Issuer shall be appointed by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding and the Financial Monitor. If the Owners and the Financial Monitor fail to make such appointment within such period, the Issuer with the consent of the Borrower (provided an Event of Default does not exist) may make such appointment. Appointments made under this Section 9.12 shall be made, by an instrument or instruments in writing filed at the offices of the Issuer, signed by such Owners and the Financial Monitor or by their attorneys-in-fact duly authorized or by the Issuer, as the facts may require. Copies of each instrument shall be promptly delivered by the Issuer to the predecessor Trustee and to the Trustee so appointed and to the Borrower.

(b) Until a successor Trustee shall be appointed as herein authorized, the Issuer, by a written order filed among the records of the Issuer, may appoint a Trustee to fill such vacancy. Such appointment shall be effective upon the giving of notice in writing thereof to the Borrower, the Bondholders, and the Trustee to be removed. Any new Trustee so appointed by the Issuer shall immediately and without further act be superseded by a Trustee appointed in the manner above provided.

Section 9.13. Qualifications of Successor Trustee. Every successor in the trust hereunder appointed pursuant to the foregoing provisions shall be a trust company or a bank in good standing with trust powers and subject to examination by federal or state agency, having a combined capital and surplus of not less than \$75,000,000 and qualified to exercise trust powers in the State.

Section 9.14. Concerning Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee. Upon request of such successor Trustee, the Trustee ceasing to act and the successor Trustee shall execute and deliver an instrument prepared by the successor Trustee transferring to such successor Trustee all the estates, property, rights, powers and trusts hereunder of the Trustee so ceasing to act, and the Trustee so ceasing to act shall pay over or deliver to the successor Trustee all money, records and other assets at the time held by it hereunder, except amounts equal to its unpaid Trustee Fee and expenses incurred pursuant to this Indenture, provided that the Trustee so ceasing to act delivers to the Issuer and the Borrower an accounting of the unpaid fees and expenses at least 10 Business Days prior to exiting the trust.

Section 9.15. Merger of Trustee. Any entity into which any Trustee hereunder may be merged or with which it may be consolidated or which substantially all of its corporate trust assets or business have been sold or assigned, or any entity resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be a successor Trustee under

this Indenture or a successor Registrar or Paying Agent (as the case may be), (a) in the case of a merger or consolidation, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding, or (b) in the case of the sale or assignment of substantially all of the Trustee's corporate trust business, upon such entity's delivering to the Issuer and the Borrower an instrument acknowledging its agreement to be bound by the terms hereof.

Section 9.16. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of the Bonds, the Trustee may intervene on behalf of the Owners of the Bonds and shall, upon receipt of indemnity satisfactory to it, do so if requested in writing by the Owners of a majority in principal amount of Bonds then Outstanding if permitted by the court having jurisdiction in the premises. Notwithstanding anything in this Indenture to the contrary, the Trustee shall not initiate or commence any proceeding for a declaratory judgment, interpleader or similar action to determine the rights and duties of the parties hereunder or of the Owners and holders of the Bonds, without prior written notice to the Issuer (with copy provided to Borrower).

Section 9.17. Duties Determined Solely by Indenture and Agreement. The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture and the duties of the Trustee to enforce the Loan Agreement on behalf of the Issuer shall be determined by the express provisions of the Loan Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture or the Loan Agreement, and no implied covenants or obligations shall be read into this Indenture or the Loan Agreement against the Trustee. Notwithstanding any provision herein, Trustee shall have no duty or obligation to the Borrower except as may be expressly set forth in this Indenture or the Loan Agreement.

Section 9.18. Paying Agent. Wilmington Trust, National Association is hereby appointed as Paying Agent under this Indenture and the Paying Agent hereby accepts such appointment. So long as any of the Bonds remain Outstanding, the Borrower shall cause a Paying Agent to perform the duties imposed upon the Paying Agent hereunder. The Paying Agent shall at all times be an entity authorized to act as Paying Agent and be subject to supervision or examination by federal or state authority. If the Paying Agent resigns or is removed pursuant to Section 9.11, the Borrower shall appoint a successor Paying Agent with the approval of the Issuer, the Financial Monitor, the Servicer and the Significant Bondholder, if any, and shall cause such successor to mail notice of such appointment to the Issuer and all Owners of Bonds as the names and addresses of such Owners appear upon the registration books hereinabove provided for; provided, however, that the Paying Agent may not resign its duties hereunder unless and until a successor Paying Agent is appointed by the Borrower and approved by the Issuer, the Financial Monitor, the Servicer and the Significant Bondholder, if any, hereunder. The Trustee shall pay the fees and expenses of the Paying Agent from amounts received by the Trustee in payment of the Trustee Fee and expenses hereunder. The provisions of this Indenture relating to the duties, responsibilities and standard of care as well as the protections and immunities of the Trustee are equally applicable to the Paying Agent.

Section 9.19. Repair, Replacement or Reconstruction of Project. In the event of any damage, destruction, taking or condemnation of the Project, the Trustee shall within five Business Days of the Trustee's receipt of notice of such damage, destruction, taking or condemnation provide written notice to the Borrower, the Servicer, the Owners and the Issuer and take all actions required of the Trustee pursuant to Section 4.04 or Section 6.04, as the case may be, and the Mortgage.

Section 9.20. Powers May Be Vested in Separate or Co-Trustee.

(a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement of an Event or Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or to take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate or co-trustee. The following provisions of this Section 9.20 are adapted to these ends.

(b) In the event that the Trustee appoints an additional institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable the separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

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

Section 9.21. Access to Books and Records of the Trustee. The Borrower, the Servicer, the Financial Monitor and the Significant Bondholder, if any, shall be entitled to inspect the books and records of the Trustee related to the Bonds and the Project during normal business hours and upon 48 hours written notice.

Section 9.22. Assignment of Rights of Action. The Issuer has assigned to the Trustee its right, title and interest in and to certain of the Loan Documents and related instruments in connection with the issuance of the Bonds (the "*Assigned Documents*"). The Trustee shall have the right to enforce the rights of the Issuer under the Assigned Documents and the right to enforce the obligations of the other parties to the Assigned Documents on behalf of the Issuer.

The Trustee shall take such actions but only at the direction of the Significant Bondholder with respect to the Assigned Documents to the extent set forth herein.

Section 9.23. Registrar. The Borrower hereby appoints Wilmington Trust, National Association as Registrar under this Indenture and the Registrar hereby accepts such appointment. So long as any of the Bonds remain Outstanding, the Borrower shall cause a Registrar to perform the duties imposed upon the Registrar hereunder. The Registrar shall at all times be an entity authorized to act as Registrar and be subject to supervision or examination by federal or state authority. If the Registrar resigns or is removed pursuant to Section 9.11, the Borrower with the approval of the Issuer, the Financial Monitor, the Servicer and the Significant Bondholder, if any, shall appoint a successor Registrar, and shall cause such successor to mail notice of such appointment to the Issuer and all Owners of Bonds as the names and addresses of such Owners appear upon the registration books hereinabove provided for; provided, however, that the Registrar may not resign its duties hereunder unless and until a successor Registrar is appointed hereunder with the approval of the Issuer, the Financial Monitor, the Servicer and the Significant Bondholder, if any. The Trustee shall pay the fees and expenses of the Registrar from the Trustee Fee received by the Trustee in payment of the Trustee's fees and expenses hereunder. The provisions of this Indenture relating to the duties, responsibilities and standard of care as well as the protections and immunities of the Trustee are equally applicable to the Registrar.

ARTICLE X INSTRUMENTS EXECUTED BY OWNERS

Section 10.01. Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner: The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

Section 10.02. Effect of Execution. Nothing contained in this Article X shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond in respect of anything done by the Trustee in pursuance of such request or consent.

ARTICLE XI MODIFICATION OF INDENTURE AND AGREEMENT

Section 11.01. Modification. This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article XI. An executed copy of each modification or amendment of this Indenture or of any other Loan Document which required the consent of Owners in accordance with Section 11.03 or Section 11.06, as the case may be, shall be distributed to the Financial Monitor, the Servicer and the Significant Bondholder and each Owner requesting the same at the address supplied to the Trustee by such Owner or its authorized representative.

Section 11.02. Supplemental Indenture. The Issuer may, with the approval of the Trustee from time to time and at any time, without the consent of any Owners of Bonds (but with a copy thereof to the Financial Monitor, the Servicer and Significant Bondholder and each Owner requesting the same at the address supplied to the Trustee by such Owner or its authorized representative), execute and deliver indentures supplemental to this Indenture for the following purposes:

(a) To specify and determine any matters and things relative to Bonds which are not contrary to or inconsistent with this Indenture and which, as determined by the Trustee, shall not adversely affect the interests of the Owners of Bonds, which may be based on an Opinion of Counsel;

(b) To cure any defect, omission, conflict or ambiguity in this Indenture;

(c) To grant to or confer upon the Trustee for the benefit of the Owners of Bonds any additional rights, remedies, powers, or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(d) To add to the covenants and agreements of the Issuer in this Indenture, other covenants and agreements to be observed by the Issuer, which are not contrary to or inconsistent with this Indenture as theretofore in effect;

(e) To confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by this Indenture of the revenues arising from the pledge of any money, securities, funds or other parts of the Trust Estate;

(f) To implement secondary market disclosure provisions regarding the Bonds, the Project and the Borrower;

(g) To comply with regulations or rulings issued with respect to the Code, to the extent determined necessary or desirable in Bond Counsel's opinion;

(h) To make any change herein that is required by any Rating Agency in order to obtain a rating by such Rating Agency on any of the Bonds; or

(i) To amend, alter, modify or supplement this Indenture in a manner necessary or desirable in connection with either the use or maintenance of the Book-Entry System for the

Bonds, or the issuance of certificated Bonds following the termination of the Book-Entry System for the Bonds.

Before the Issuer shall enter into any supplemental indenture pursuant to this Section 11.02, there shall have been filed with the Trustee, the Initial Purchaser (but only so long as the Initial Purchaser is the Significant Bondholder), the Financial Monitor, the Servicer and the Issuer (i) a Favorable Opinion of Bond Counsel and (ii) an opinion of Bond Counsel to the effect that such supplemental indenture is permitted or authorized pursuant to the terms of this Indenture.

Section 11.03. [Reserved].

Section 11.04. Consent of Owners.

(a) Subject to the terms and provisions contained in this Section 11.04 and not otherwise, the Owners of a majority of the aggregate principal amount of Bonds then Outstanding, shall have the right from time to time to consent to and approve the execution and delivery by the Issuer and the acceptance by the Trustee, with the consent of the Borrower if required pursuant to Section 11.06, of any supplemental indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting without the consent of the Owners of all Bonds then Outstanding which would be affected by such proposed change (i) a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any Outstanding Bond, or a reduction in the principal amount or redemption or tender price, or the dates or terms of redemption of any Outstanding Bond, or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge of, the revenues derived from the Borrower under the Loan Agreement or other part of the Trust Estate or (iii) a change to the preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) any change adversely affecting the tax-exempt status of any Bond, or (v) a reduction in the aggregate principal amount of the Bonds required for consent under this Indenture, or (vi) the release of the lien of the Trust Estate or any portion thereof prior to the payment of all Bonds Outstanding.

(b) If at any time the Issuer and the Trustee shall determine to execute and deliver any supplemental indenture for any of the purposes of this Section 11.04, unless waived by and the Owners of a majority of the aggregate principal amount of Bonds then Outstanding, the Trustee shall cause notice of the proposed supplemental indenture to be provided to the Owners, the Financial Monitor and the Servicer at the expense of the Borrower.

(c) Within six months after the date of such notice or at such other period as is specified in such notice, the Issuer may execute and deliver and the Trustee may accept such supplemental indenture in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of the Owners of not less than the percentage of Bonds required by Section 11.04(a), (ii) the written consent of the Borrower, and (iii) a Favorable Opinion of Bond Counsel. A written consent by any Owner of any Bond executed on or subsequent to the date of such notice shall be binding upon any subsequent Owner of such Bond.

(d) If the Owners of not less than the percentage of Bonds required by this Section 11.04 shall have consented to and approved the adoption thereof as herein provided, no Owner of any Bond shall have any right to object to the execution, delivery and acceptance of such supplemental indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Section 11.05. Effect of Supplemental Indenture. Upon the execution, delivery and acceptance of any supplemental indenture pursuant to the provisions of this Article XI, this Indenture shall be, and be deemed to be, modified, amended or supplemented in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Owners of Bonds then Outstanding shall be thereafter determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments.

Section 11.06. Consent of the Borrower. Except as otherwise provided in Section 11.02, anything herein to the contrary notwithstanding, any supplemental indenture under this Article XI shall not become effective unless and until the Borrower shall have consented in writing to such supplemental indenture, and to such revisions of the Loan Documents to be effected, if any, which approval shall not be unreasonably conditioned, withheld or delayed; provided, however, during any period as to which an Event of Default under any Loan Document has occurred and is continuing, the foregoing consent right of the Borrower shall not be required unless such supplemental indenture affects the rights, powers or obligations of the Borrower under the Loan Documents; and provided further that the consent of the Borrower shall not be required in connection with any supplemental indenture deemed necessary or desirable on account of the application of Section 2.09(a) hereof.

Section 11.07. Consent to Modifications of Loan Documents. The Issuer, the Trustee and the Borrower may, without the consent of the Owners (but with a copy thereof to the Significant Bondholder and each Owner requesting the same at the address supplied to the Trustee by such Owner or its authorized representative), consent to any amendment, change or modification of the Loan Documents as may be required (a) for the purpose of curing any ambiguity or formal defect or omission, (b) in connection with any other change therein if, in the determination of the Trustee, which may be based upon an opinion of counsel, such change does not adversely affect the interests of the Owners of the Bonds, or (c) pursuant to Section 2.10 of the Loan Agreement or Section 7 of the Regulatory Agreement. Any amendment to the Loan Documents governed by this Article XI shall be accompanied by a Favorable Opinion of Bond Counsel and an opinion of Bond Counsel to the effect that such amendment is permitted or authorized pursuant to this Indenture.

Section 11.08. Notice and Approval by Owners. Except as provided in Sections 7.02 and 11.07, the Issuer and the Trustee shall not consent to any amendment, change or modification of the Loan Documents without giving the notice and receiving the written approval or consent of the Owners of Bonds in the same manner and to the same extent as provided for in Section 11.04 with respect to supplemental indentures and the opinions of counsel required therein. If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause

notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 11.04 with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated corporate trust office of the Trustee for inspection by all Owners.

Section 11.09. Discretion of Trustee To Execute Supplemental Indenture. In each and every case provided for in this Article XI, the Trustee shall be entitled to exercise its reasonable discretion in determining whether or not to execute any proposed supplemental indenture, if the rights, obligations and interests of the Trustee would be adversely affected, and the Trustee shall not be under any responsibility or liability to the Issuer or to any Owner or to anyone whomsoever for its refusal in good faith to enter into any such supplemental indenture if such supplemental indenture is deemed by it to be contrary to the provisions of this Article XI.

ARTICLE XII DISCHARGE OF INDENTURE

Section 12.01. Cessation of Interest of Owners.

(a) When (i) the Bonds secured hereby have become due and payable in accordance with their terms or otherwise as provided in this Indenture, and (A) absent an Event of Default, the whole amount of the principal, premium, if any, and the interest so due and payable upon all Bonds, or (B) upon an Event of Default, the amount specified in Section 8.04, in each case, has been paid or (ii) the Trustee holds money or Government Securities, or a combination of both, that are sufficient in the aggregate to pay all amounts owing on all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof, and (iii) in the case of either (i) or (ii), if the Bonds are due and payable by reason of a call for redemption, irrevocable instructions to call the Bonds for redemption shall have been given by the Trustee, and sufficient funds shall also have been provided or provisions made for paying all other obligations payable hereunder by the Issuer and the Borrower, including the Administrative Expenses, then and in that case the right, title and interest of the Trustee and Owners in the funds and accounts created by this Indenture, shall thereupon cease, terminate, and become void, and the Trustee shall surrender the Trust Estate to the Borrower in accordance with Section 5.12 and shall deliver to the Borrower or such person, body or agency as may be entitled to receive the same, any balance remaining in any fund or account hereunder. Otherwise this Indenture shall be, continue and remain in full force and effect. Notwithstanding the foregoing, if money, Government Securities, or a combination of both, are deposited with and held by the Trustee, as hereinabove provided, and within 30 days after such money, Government Securities, or a combination of both have been deposited with such Trustee, the Trustee, in addition to observing the requirements of Article IV, causes a notice signed by the Trustee to be mailed to the Owners at their addresses as they appear on the books of the Trustee, which notice shall set forth: (x) the date designated for the redemption or payment of the Bonds or, if such date is more than 45 days prior to the date of such notice, that the Trustee has received an irrevocable direction to send notice of redemption for the date designated for the redemption or payment of the Bonds, (y) a description of the money and Government Securities so held by such Trustee, and (z) that this Indenture has been defeased in accordance with the provisions of this Section 12.01, the Trustee shall retain such rights, powers and privileges under this Indenture as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any premium on

which such money and/or Government Securities have been deposited and in and to the funds and accounts into which such money and/or Government Securities have been deposited.

(b) All money and Government Securities held by the Trustee pursuant to this Section 12.01 shall be held in trust and applied to the payment, when due, of the Bonds and obligations payable therewith. For purposes of this Article, Government Securities shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Government Securities, when due, will be sufficient to pay on such date the principal of and the premium, if any, and interest on such Bonds due on such date, as verified by an independent certified public accountant or other verification agent selected by the Borrower the Financial Monitor, the Servicer and the Significant Bondholder.

(c) Upon payment or provisions for payment in full of the Bonds and the other obligations in accordance with the provisions of this Section 12.01 and upon the Borrower's request, the Issuer and the Trustee, at the Borrower's expense, shall release the Borrower from any further obligation to make payment under the Loan Agreement and the other Loan Documents.

(d) Notwithstanding the payment in full of the Bonds, the discharge of this Indenture, and the termination or expiration of the Note and the Loan Agreement, all provisions in this Indenture concerning the tax-exempt status of the Bonds (including, but not limited to provisions concerning rebate), the interpretation of this Indenture, the governing law, the forum for resolving disputes, the Trustee's and Issuer's right to rely on facts or certificates, the immunity of the Issuer's directors, officers, counsels, advisors, and agents, and the Issuer's lack of pecuniary liability, shall survive and remain in full force and effect.

Section 12.02. Trustee's Rights Reserved. Any discharge under this Article XII shall be without prejudice to the right of the Trustee to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of the trusts hereby created and the performance of its powers and duties hereunder.

ARTICLE XIII MISCELLANEOUS

Section 13.01. Successors of the Issuer. In the event of the dissolution of the Issuer, all the covenants, stipulations, promises and agreements contained in this Indenture by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any entity, governing body, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer shall be transferred. In the event no successor shall exist, then all rights and duties of the Issuer may be exercised and such duties fulfilled by the Trustee, but the Trustee shall be under no obligation to exercise and fulfill such rights and duties.

Section 13.02. Purpose; Exclusive Benefit. Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any person, firm or agency, other than the Issuer, the Trustee, the Owners of the

Bonds and the Borrower, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of such parties.

Section 13.03. Severability. In case any one or more of the provisions of this Indenture or of the Bonds for any reason, is held to be illegal or invalid such illegality or invalidity shall not affect any other provisions of this Indenture or the Bonds and this Indenture and the Bonds shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced as if such illegal or invalid provisions had not been contained therein.

Section 13.04. Limitation of Liability of the Issuer and Its Directors, Officers, Employees and Agents.

(a) **THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER. THE BONDS AND THE INTEREST THEREON ARE PAYABLE SOLELY FROM THE TRUST ESTATE AND DO NOT CONSTITUTE NOR GIVE RISE TO AN INDEBTEDNESS, AN OBLIGATION, OR A LOAN OF CREDIT OF THE STATE OR ANY MUNICIPALITY, CITY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OR A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE NOR THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT WITH RESPECT TO THE ISSUER FROM REVENUES PLEDGED THEREFOR UNDER THIS INDENTURE, ALL AS MORE FULLY SET FORTH IN THIS INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE ISSUER, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.**

(b) No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the Issuer in his individual capacity, and neither the directors of the Issuer nor any officer or employee thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee or agent of the Issuer shall incur any personal liability with respect to any other action taken by him pursuant to this Indenture or the Act, provided such director, officer, employee or agent acts in good faith.

(c) No agreements or provisions contained in this Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except as may be payable from the repayments by the Borrower under the Loan Agreement and the proceeds of the Bonds and other amounts pledged hereunder as part of

the Trust Estate. No failure of the Issuer to comply with any term, condition, covenant or agreement herein or in any document executed by the Issuer in connection with the issuance and sale of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the repayments by the Borrower under the Loan Agreement or proceeds of the Bonds and other amounts pledged hereunder as part of the Trust Estate. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein, provided that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable from the repayments by the Borrower or the proceeds of the Bonds and other amounts pledged hereunder as part of the Trust Estate.

(d) No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture against any past, present or future officer, director, employee or agent of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, 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, employees or agents, as such, is hereby expressly waived and released as a condition of, and consideration for, the execution of this Indenture and the issuance of such Bonds.

(e) Anything in this Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (i) the Issuer and its agents may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (ii) the Issuer shall not be under any obligation hereunder to perform any record keeping or to provide any legal services; and (iii) none of the provisions of this Indenture shall require the Issuer and its agents to expend or risk their own funds or otherwise incur financial liability in the performance of any of their duties or in the exercise of any of their rights or powers hereunder, unless they shall first have been adequately indemnified to their satisfaction against the cost, expenses, and liability which may be incurred thereby.

(f) None of the directors of the Issuer, any officer of the Issuer, any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof. The Bonds are issued pursuant to the Act, and the Bonds shall so state on their face.

Section 13.05. Governing Law. The laws of the State shall govern the construction and enforcement of this Indenture and of all the Bonds issued hereunder.

Section 13.06. Notices.

(a) All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail, postage prepaid, or dispatched by electronic transmission, addressed, unless notice of a different address is given as provided in this Section 13.06 to the applicable Notice Address as set forth in Article I or, in the case of

Owners, to the address as shown in the register maintained by the Registrar as provided in Section 2.06. The Trustee shall notify the Borrower, the Servicer and the Financial Monitor of any change of Significant Bondholders and of each Owner that has requested notice of certain events under this Indenture and Loan Documents, together with the addresses of such Significant Bondholders or Owners requesting notice.

(b) The Trustee shall confirm each funds transfer instruction received in the name of a party by means of security procedure of the Trustee to include a signed certificate in the form set forth in Schedule 1 hereto, which upon receipt by the Trustee shall become a part of this Indenture. The Schedule 1 shall provide names and signatures of authorized representatives and those individuals and their phone numbers that are authorized to confirm transactions by phone callbacks. Once delivered to the Trustee, Schedule 1 may be revised or rescinded only by a writing signed by an authorized representative of the signing party. Such revisions or rescissions shall be effective only after actual receipt and following such period of time as may be necessary to afford the Trustee a reasonable opportunity to act on it. If a revised Schedule 1 or a rescission of an existing Schedule 1 is delivered to the Trustee by an entity that is a successor-in-interest to a party, such document shall be accompanied by additional documentation satisfactory to the Trustee showing that such entity has succeeded to the rights and responsibilities of the party under this Agreement.

The parties understand that the Trustee's inability to receive or confirm funds transfer instructions pursuant to the security procedure selected by such party may result in a delay in accomplishing such funds transfer, and agree that the Trustee shall not be liable for any loss caused by any such delay.

Section 13.07. Payments Due on Saturday, Sunday and Holidays. In any case where the date of maturity of interest on or principal of, the Bonds, or the date fixed for redemption of any Bonds, shall be a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal or redemption price need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 13.08. Interest Not To Exceed Maximum Interest Rate. The Issuer covenants that interest on the Bonds shall not be borne at a rate in excess of the Maximum Interest Rate; and if interest shall be borne at a rate in excess of the Maximum Interest Rate it shall be automatically reduced to such Maximum Interest Rate. Any excess interest paid shall be credited as a principal payment on the Bond. The Trustee shall have no responsibility to determine if the interest rate on the Bonds is in compliance with this Section 13.08.

Section 13.09. Electronic Transactions. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22.

Section 13.10. Survival of Certain Provisions. Notwithstanding anything in this Indenture to the contrary, any provisions of this Indenture which relate to the maturity of the Bonds, interest payments and dates therefor, optional and mandatory redemption provisions, credit against sinking fund payments, exchange, transfer and cancellation of the Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of the Bonds, non-presentment of the Bonds, the holding of money in trust, and repayments to the Borrower and the Issuer from Indenture funds and accounts, and the rebate of amounts to the United States of America, then the rights, remedies and duties of the Trustee and the Registrar in connection with all of the foregoing shall remain in effect and be binding upon the Trustee, the Registrar, the Paying Agent and the Owners notwithstanding the release and discharge of this Indenture. The provisions of this Section 13.10 shall survive the release, discharge and satisfaction of this Indenture.

Section 13.11. 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 of this Indenture.

Section 13.12. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.13. Time is of the Essence. The parties hereto agree that time is of the essence with respect to this Indenture, the Loan Documents and the Bond Documents.

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be signed in its name and behalf, and to evidence its acceptance of the trusts hereby created, the Trustee, has caused this Indenture to be signed in its name and behalf by its duly authorized officer, all as of the date first above written.

AUSTIN HOUSING FINANCE CORPORATION

By: _____
Treasurer

[Signature page to Trust Indenture]

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Name: _____
Title: _____

[Signature page to Trust Indenture]

EXHIBIT A
[FORM OF BOND]

\$25,000,000

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF THE INDENTURE DESCRIBED HEREIN, INCLUDING THE PROVISION THEREOF LIMITING OWNERSHIP OF THIS BOND TO "QUALIFIED INSTITUTIONAL BUYERS" SUBJECT TO CERTAIN EXCEPTIONS.

AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BOND
(COLORADO CREEK APARTMENTS)
SERIES 2016

Interest Rate	Maturity Date	Dated Date	CUSIP No.²
As set forth in Indenture	April 1, 2033	March 1, 2016	

REGISTERED OWNER: IBC Bank, N.A.

PRINCIPAL AMOUNT: TWENTY FIVE MILLION DOLLARS

The Austin Housing Finance Corporation (the "Issuer"), for value received, hereby promises to pay (but only out of the revenues and other assets hereinafter referred to) to the registered owner specified above or registered assigns (subject to any right of prior redemption hereinafter mentioned), on the Maturity Date specified above, the Principal Amount specified above, and to pay interest hereon from the initial date of delivery (notwithstanding the dated date set for above) or, if this Bond has been authenticated subsequent to the first Interest Payment Date, from the most recent Interest Payment Date to which interest has been paid or provided for under the Indenture (provided that if this Bond is authenticated on or after a Record Date and before the related Interest Payment Date, interest shall accrue from that Interest Payment Date) at the Interest Rate per annum specified in the Indenture (defined below), payable monthly on each Interest Payment Date, until paid at maturity or upon earlier redemption or acceleration, calculated on the basis of a 360-day year comprised of twelve 30-day months, all as further described in the Indenture, to the person whose name appears on the registration books as of the fifteenth day of the month next preceding any Interest Payment Date (a "Record Date").

Principal of, and premium, if any, on this Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts (if

¹ The Initial Bond shall be numbered I-1.

² Not required for the Initial Bond.

this Bond is not held under a book-entry system described in the Indenture) upon presentation and surrender of this Bond at the designated corporate trust office of Wilmington Trust, National Association duly organized, existing and authorized under the laws of the United States of America, with trust powers, as trustee, registrar and paying agent, in Dallas, Texas (the "Trustee," "Registrar" and "Paying Agent"), or its successor in trust, provided that payments of principal pursuant to a mandatory sinking fund redemption (other than the final installment due at maturity) shall be made without presentation and surrender of the Bond. Payment of interest shall be made by wire transfer, check or draft mailed to the address of the person entitled thereto as such address shall appear on the registration books (hereinafter defined), except in the case of owners of \$1,000,000 or more in aggregate principal amount of Bonds, to whom interest may be payable by wire transfer upon written instruction to the Trustee prior to the Record Date preceding any Bond Payment Date.

This Bond is one of a duly authorized issue of revenue bonds of the Issuer, aggregating \$25,000,000 in principal amount, designated as Multifamily Housing Revenue Bonds (Colorado Creek Apartments) Series 2016 (the "Bonds"). The Bonds are issued under and pursuant to a Trust Indenture dated as of March 1, 2016 (as amended and supplemented from time to time, the "Indenture"), between the Issuer and the Trustee.

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE ISSUER. THE BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE NOR GIVE RISE TO AN INDEBTEDNESS, AN OBLIGATION, OR A LOAN OF CREDIT OF THE STATE, OR ANY MUNICIPALITY, CITY, OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE OR A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE NOR THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO EXCEPT WITH RESPECT TO THE ISSUER FROM REVENUES PLEDGED THEREFOR UNDER THE INDENTURE, ALL AS MORE FULLY SET FORTH IN THE INDENTURE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE ISSUER, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.

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

RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

All capitalized terms used in this Bond and not defined herein shall have the meaning ascribed thereto in the Indenture.

This Bond is secured under the Indenture which assigns to the Trustee for the benefit of Owners all the right, title and interest of the Issuer in and under the Loan Agreement, the Note, the Mortgage, certain funds and accounts held by the Trustee under the Indenture, payments made pursuant to the Loan Agreement and other funds and money initially or subsequently pledged as part of the trust estate (the "Trust Estate"), and any deed in lieu of foreclosure delivered pursuant to the Indenture.

Redemption

This Bond is subject to optional, mandatory, extraordinary and special mandatory redemption (and purchase in lieu of redemption in whole by the Borrower) prior to maturity in whole or in part at such time or times, under such circumstances, at such redemption prices, in such manner and with such notice as is set forth in the Indenture.

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.

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 Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon exchange or registration of such transfer a new registered bond or bonds of the same maturity and interest rate and of Authorized Denomination or Denominations for the same aggregate principal amount will be issued in exchange for this Bond; provided that notwithstanding the foregoing, any exchange made in connection with establishing the Stabilization Date shall be made without regard to the foregoing limitations on interest rate and aggregate principal amount as further described in the Indenture.

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 and interest due hereon and for all other purposes, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

THIS BOND MAY BE TRANSFERRED IN WHOLE OR IN PART BY THE OWNER ONLY AS PROVIDED IN SECTION 2.11 OF THE INDENTURE.

Reference is hereby also made to the Loan Agreement, the Indenture and the Mortgage, including all supplements thereto, for a description of the property encumbered and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights of the Issuer, and the rights, duties and obligations of the Borrower, the Trustee, and the Owners of the Bonds, and the terms upon which the Bonds are issued and secured.

This Bond shall be governed by and construed in accordance with the laws of the State without regard to the choice of law rules thereof.

The terms of this Bond are subject in all respects to the terms of the Indenture. If there is a conflict between the provisions of this Bond and the Indenture, the Indenture shall control.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture unless either (1) the Certificate of Authentication hereon has been executed by the Trustee by manual signature, 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 by manual signature.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS OF THE ABOVE, the Issuer has caused this Bond to be executed in the name of the Issuer by the manual or facsimile signature of its Treasurer, and attested by the manual or facsimile signature of its Secretary, as of the date shown above.

AUSTIN HOUSING
FINANCE CORPORATION

By: _____
Treasurer

ATTEST:

By: _____
Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION – do not include in Initial Bond]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture.

Date of Authentication: _____

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Authorized Signatory

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

COMPTROLLER'S REGISTRATION CERTIFICATE

Office of the Comptroller §
of Public Accounts of §
the State of Texas §

I hereby certificate 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)

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned sells, assigns, and transfers unto _____ the within Bonds and all rights and title therein, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bonds on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ (Registered Owner)

Signature guaranteed by:

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

NOTICE: Signature(s) must be guaranteed by a qualified guarantor institution.

The following abbreviations, when used in the inscription on the face of the within Bonds, shall be construed as though they were written out in full according to the applicable laws or regulations.

TEN COM

as tenants in common

TEN ENT

as tenants by the entirety

JT TEN

as joint tenants with rights of survivorship and not as tenants in common

UNIF GIFT MIN ACT

Custodian

(Minor)

(Cust)

Under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list

EXHIBIT B
SINKING FUND AMOUNTS

Payment Date	Principal Amount (\$)
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Payment Date

Principal Amount (\$)

Payment Date

Principal Amount (\$)

Payment Date

Principal Amount (\$)

EXHIBIT C

FORM OF PROJECT FUND REQUISITION

AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(COLORADO CREEK APARTMENTS)
SERIES 2016

TO: WILMINGTON TRUST, NATIONAL ASSOCIATION, Trustee under the Trust Indenture dated as of March 1, 2016 (the "Trust Indenture"), with the AUSTIN HOUSING FINANCE CORPORATION.

You are requested to disburse funds from the [Bond Proceeds Account] [Borrower Contribution Account] of the Project Fund in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition. The terms used in this requisition shall have the meanings ascribed to them in the Trust Indenture.

1. REQUISITION NO: _____

2. The name and address of the person, firm or corporation to whom each such payment is due and the purpose of such payment are (SEE ATTACHED INVOICES) (or, if such payment has been made by the Borrower, the Trustee is hereby requested to reimburse the Borrower directly for such payment as indicated below (check or wire instructions).

3. AMOUNT TO BE DISBURSED: \$ _____

4. The Borrower certifies that:

(a) the costs set forth in 3 above were made or incurred and were necessary for the Project and were made or incurred in substantial accordance with the construction contracts, plans and specifications heretofore in effect;

(b) the amount paid or to be paid, as set forth in this Requisition, represents a part of the amount due and payable for the Project Costs and such payment was not paid in advance of the time, if any, fixed for payment and is being made in accordance with the terms of any contracts applicable to the Project and in accordance with usual and customary practice under existing conditions;

(c) no part of the Project Costs requisitioned in this Requisition has been included within the Project Costs referred to in any Requisition previously filed (which has been paid) with the Trustee under the provisions of the Indenture;

(d) the total amount requisitioned is a Project Cost, which is a proper charge against and properly payable from the Project Fund established under the Indenture;

(e) the amount remaining in the Project Fund, together with expected investment earnings on the Project Fund not required to be deposited into the Rebate Fund and other funds available to the Borrower (including subordinate financing and capital contributions to be made by the Borrower's partners), after payment of the amount requested in this Requisition, will be sufficient to pay the entire construction cost (other than costs which have been agreed will be deferred and/or paid out of cash flow, if any) of completing the Project substantially in accordance with the construction contracts, plans and specifications and building permits therefor, if any, currently in effect;

(f) upon the full amount of all disbursements from the Bond Proceeds Account applied to pay or to reimburse the Borrower for the payment of Project Costs and, after taking into account the proposed disbursement, at least 95% of the aggregate of all disbursements of Net Proceeds of the Bonds from the Bond Proceeds Account will have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs;

(g) no event of default has occurred and is continuing under the Loan Agreement, the Regulatory Agreement, the Tax Agreement, the Mortgage or the Note and nothing has occurred to the knowledge of the Borrower that would prevent the performance of its obligations under the Indenture, the Loan Agreement, the Regulatory Agreement, the Mortgage or the Note;

(h) the Borrower is current in the provision of information required by Sections 5.05, 5.09 and 5.10 of the Loan Agreement; and

(i) the Borrower is in compliance with the the Financial Monitoring and Servicing Agreement.

Requested this _____ day of _____, 201__.

AUSTIN COLORADO CREEK APARTMENTS,
L.P.

By _____
Authorized Representative

APPROVED BY:

AMERICA FIRST REAL ESTATE GROUP,
LLC, AS FINANCIAL MONITOR

By: _____
Name: _____
Title: _____

INTERNATIONAL BANK OF COMMERCE,
AS INITIAL PURCHASER

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF COSTS OF ISSUANCE REQUISITION

**AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(COLORADO CREEK APARTMENTS)
SERIES 2016**

TO: WILMINGTON TRUST, NATIONAL ASSOCIATION, Trustee under the Trust Indenture dated as of March 1, 2016 (the "Trust Indenture"), with the AUSTIN HOUSING FINANCE CORPORATION.

This Requisition is made pursuant to Article VI of the Trust Indenture to pay the Costs of Issuance. The Trustee is hereby directed to pay sums out of the Cost of Issuance Fund as follows:

Payee	Amount	Payment Instructions (wire/check)
--------------	---------------	--

After taking into account the proposed disbursement, no more than 2% of the Sales Proceeds of the Bonds will have been disbursed for Costs of Issuance.

Dated: _____

AUSTIN COLORADO CREEK APARTMENTS,
L.P.

By: _____
Authorized Representative

EXHIBIT E
FORM OF PURCHASER LETTER

Austin Housing Finance Corporation
Austin, Texas

Wilmington Trust, National Association, as Trustee
15950 North Dallas Parkway, Suite 550
Dallas, Texas 75248

Re: Austin Housing Finance Corporation Multifamily Housing Revenue Bonds
(Colorado Creek Apartments) Series 2016

Ladies and Gentlemen:

The undersigned representative of _____ (the "Purchaser"), the purchaser of \$ _____ of the aggregate principal amount of Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Colorado Creek Apartments) Series 2016 (the "Bonds"), does hereby certify, represent and warrant for the benefit of the Austin Housing Finance Corporation (the "Issuer") and Wilmington Trust, National Association, as trustee (the "Trustee"), that the Purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (a "QIB").

The Purchaser hereby acknowledges, represents, and warrants to, and agrees with, the Issuer and the Trustee, as follows:

(1) The Purchaser is purchasing such Bonds with its own funds (or with funds from accounts over which it has sole investment authority) and not the funds of any other person, and for its own account (or for accounts over which it has sole investment authority) and not as nominee or agent for the account of any other person and not with a view to any distribution thereof, other than the deposit of the Bonds in a custodial or trust arrangement each of the beneficial owners of which shall be required to be a QIB.

(2) The Purchaser has such knowledge and experience in business and financial matters and with respect to the purchase and ownership of multifamily housing revenue bonds, tax-exempt securities and other investment vehicles similar in character to the Bonds, so as to enable it to understand and evaluate the risks of such investments and form an investment decision with respect thereto, the Purchaser has no need for liquidity in such investment and the Purchaser is (or any account for which it is purchasing is) able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

(3) The Purchaser acknowledges that it has been provided with, and has had the opportunity to review, the documents relating to the issuance of the Bonds by the Issuer including the purchase in lieu of redemption process set forth in Section 4.08 of the Indenture. The Purchaser either has been supplied with or has had access to information, including financial statements, and other financial information, and has had the opportunity to ask questions and receive answers from individuals concerning the Issuer, Austin Colorado Creek Apartments, L.P.

(the "Borrower"), and its credit standing, the Loan Agreement dated as of March 1, 2016, between the Issuer and the Borrower (the "Loan Agreement"), the Trust Indenture dated as of March 1, 2016, between the Issuer and the Trustee (the "Indenture"), and the Bonds so that, as a sophisticated investor, the Purchaser has been able to make its decision to purchase the Bonds.

(4) The Purchaser has had the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information it may request.

(5) **THE PURCHASER UNDERSTANDS THAT:**

(i) **NEITHER THE STATE OF TEXAS NOR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF TEXAS, SHALL BE LIABLE OR OBLIGATED (GENERAL, SPECIALLY, MORALLY OR OTHERWISE) TO PAY THE PRINCIPAL OF THE BONDS OR THE PREMIUM, IF ANY, OR INTEREST THEREON, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; AND**

(ii) **THE ISSUER HAS NO TAXING POWER AND PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ARE PAYABLE SOLELY OUT OF THE MONEYS TO BE RECEIVED BY THE TRUSTEE ON BEHALF OF THE ISSUER UNDER THE LOAN AGREEMENT AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED AND PLEDGED UNDER THE INDENTURE.**

(6) The Purchaser understands that in connection with any proposed transfer or exchange of Bonds, there must be delivered to the Trustee a letter of the transferee in substantially the same form as this letter or otherwise as permitted under the Indenture.

(7) The Purchaser understands that, in connection with any proposed transfer of the Bonds, such transfer must be limited to an Eligible Purchaser. "Eligible Purchaser" means a prospective transferee that the Purchaser has clear grounds to believe and does believe can make representations with respect to itself to substantially the same effect as the representations set forth herein.

(8) **THE PURCHASER INDEMNIFIES THE ISSUER AND THE TRUSTEE AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES) THAT RESULT IF THE REPRESENTATIONS CONTAINED IN THE PURCHASER'S INVESTOR LETTER ARE FALSE IN ANY MATERIAL RESPECT.**

The Purchaser has conducted its own investigation to the extent it deemed necessary. The Purchaser has been offered an opportunity to have made available to it any and all such information it might request from the Issuer and the Borrower. On this basis, it is agreed by the Purchaser that the Purchaser is not relying on any other party or person to undertake the furnishing or verification of information related to the referenced transaction.

This letter and the representations and agreements contained herein are made for your benefit.

IN WITNESS WHEREOF, I have hereunto set my hand the ____ day of _____, 20____.

PURCHASER

By: _____
Name: _____
Title: _____

**MUST BE SIGNED BY ACTUAL
PURCHASER. MAY NOT BE SIGNED BY
NOMINEE OR AGENT**

SCHEDULE 1

AUTHORIZED REPRESENTATIVES

AUTHORIZED BORROWER REPRESENTATIVES TO PROVIDE DISBURSEMENT INSTRUCTIONS

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Colorado Creek Apartments)
Series 2016

Individual(s) of Austin Colorado Creek Apartments, L.P. Authorized to Provide
Investment/Disbursement Instructions:

Name:	Title:	Signature:

If funds transfer instructions are given whether in writing or electronically, Wilmington Trust, National Association, as Trustee is authorized to seek confirmation of such instructions by telephone call-back to the Person(s) designated below at their corresponding telephone numbers, which may be changed only by notice actually received and acknowledged by the Trustee. Austin Colorado Creek Apartments, L.P. acknowledges that such security procedure is commercially reasonable.

Name:	Title:	Telephone Number:

[BORROWER

SIG

BLOCK]

**AUTHORIZED BORROWER REPRESENTATIVES TO
PROVIDE DISBURSEMENT INSTRUCTIONS**

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Colorado Creek Apartments)

Individual(s) of America First Real Estate Group, LLC Authorized to Provide Disbursement Approvals:

Name:	Title:	Signature:

If funds transfer instructions are given whether in writing or electronically, Wilmington Trust, National Association, as Trustee is authorized to seek confirmation of such instructions by telephone call-back to the Person(s) designated below at their corresponding telephone numbers, which may be changed only by notice actually received and acknowledged by the Trustee. America First Real Estate Group, LLC acknowledges that such security procedure is commercially reasonable.

Name:	Title:	Telephone Number:

America First Real Estate Group, LLC

By: _____
Name: _____
Title: _____

**AUTHORIZED BORROWER REPRESENTATIVES TO
PROVIDE DISBURSEMENT INSTRUCTIONS**

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Colorado Creek Apartments)

Individual(s) of International Bank of Commerce Authorized to Provide Disbursement Approvals:

Name:	Title:	Signature:

If funds transfer instructions are given whether in writing or electronically, Wilmington Trust, National Association, as Trustee is authorized to seek confirmation of such instructions by telephone call-back to the Person(s) designated below at their corresponding telephone numbers, which may be changed only by notice actually received and acknowledged by the Trustee. International Bank of Commerce acknowledges that such security procedure is commercially reasonable.

Name:	Title:	Telephone Number:

International Bank of Commerce

By: _____
Name: _____
Title: _____

EXHIBIT B

LOAN AGREEMENT

between

AUSTIN HOUSING FINANCE CORPORATION

and

AUSTIN COLORADO CREEK APARTMENTS, L.P.

relating to

**Multifamily Housing Revenue Bonds
(Colorado Creek Apartments)
Series 2016**

Dated as of March 1, 2016

All of the right, title and interest of the Austin Housing Finance Corporation in and to this Loan Agreement (except for the Unassigned Issuer Rights) are being assigned to Wilmington Trust, National Association, as Trustee, as security for the above-referenced bonds pursuant to the Trust Indenture dated as of March 1, 2016 (the "Indenture").

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement" or this "Loan Agreement") is made and entered into as of March 1, 2016, by and between the Austin Housing Finance Corporation (together with its successors, the "Issuer") and Austin Colorado Creek Apartments, L.P. (together with its permitted successors and assigns, the "Borrower").

RECITALS

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

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

WHEREAS, the Borrower has requested the Issuer to issue revenue bonds designated as the Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Colorado Creek Apartments) Series 2016 (the "Bonds") and to loan the proceeds from the sale thereof to the Borrower to finance the acquisition, construction and equipping of an approximately 240-unit multifamily housing facility, located in the City, to be known as "Colorado Creek Apartments" (the "Project"); and

WHEREAS, the Bonds are being issued and delivered simultaneously to the Initial Purchaser (hereinafter defined) on the Closing Date; and

WHEREAS, the Issuer has agreed to issue the Bonds and to use the proceeds thereof to make a loan (the "Loan") to the Borrower and the Borrower has agreed to (a) apply the proceeds of the Loan to fund a portion of the costs of the acquisition, construction, improvement and equipping of the Project and certain other permitted uses, (b) make payments of principal and interest on the Note (hereinafter defined) which will be sufficient to pay the principal of, premium, if any, and interest on the Bonds when due (whether at maturity, by redemption, acceleration, upon tender for purchase or otherwise), and (c) observe the other covenants and agreements and make the other payments set forth herein; and

WHEREAS, as evidence of its repayment obligations under this Loan Agreement, the Borrower will execute and deliver its promissory note for the Bonds (the "Note"); and

WHEREAS, the Bonds issued under the Indenture will be secured by an assignment and pledge of all right, title and interest of the Issuer other than the Unassigned Issuer Rights in and to this Agreement and the Note and the Leasehold Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing with the Joinder of Fee Owner, dated as of March 1, 2016 from the Borrower (and joined by the hereinafter defined Fee Owner) to the Trustee (the "Mortgage") and delivered on the Closing Date;

WHEREAS, the Issuer and the Borrower desire to enter into this Agreement to evidence the Loan when made pursuant to the Act;

NOW, THEREFORE, the Issuer and the Borrower, each in consideration of the representations, covenants and agreements of the other as set forth herein, mutually represent, covenant and agree as follows, to wit:

ARTICLE I DEFINITION OF TERMS

Section 1.01. Defined Terms. The following, along with defined terms on the cover page hereof, are defined terms under this Agreement and shall for all purposes hereof have the meanings herein specified, unless the context clearly otherwise requires. In addition, terms used herein and not otherwise defined herein shall have the meaning specified in the Indenture and the Regulatory Agreement.

"Affidavit of Commencement" means an affidavit delivered by the Borrower to the Financial Monitor and the Initial Purchaser in a form approved by the Initial Purchaser pursuant to which the Borrower confirms that construction of the Project has commenced.

"Affiliate" means, with respect to any designated Person, each Person who directly 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.

"Authorized Representative" means the person or persons at the time designated to act on behalf of the Borrower by a written certificate furnished to the Issuer, the Trustee, the Initial Purchaser (but only so long as the Initial Purchaser is the Significant Bondholder), the Servicer and the Financial Monitor containing the specimen signature of such person, which certificate may designate an alternate or alternates and may designate different Authorized Representatives to act for the Borrower with respect to different sections of this Agreement and the Indenture.

"Bond Documents" has the meaning assigned to such term in the Indenture.

"Borrower Related Persons" shall have the meaning given to such term in Section 8.12.

"Certificate of Completion" means the certificate delivered by the Borrower to the Trustee, the Financial Monitor, the Significant Bondholder, if any, and the Issuer pursuant to Section 2.04, indicating the Project Completion Date.

"Counsel to the Trustee" means an attorney at law or firm of attorneys at law selected by the Trustee as its counsel.

"Eligible Tenant" has the meaning assigned to such term in the Regulatory Agreement.

"Event of Default" means the occurrence of any of the events described in Section 7.01.

"Fee Owner" means SHFC CC Land LLC, a Texas limited liability company. The Fee Owner is also referred to herein as the *"General Lessor."*

"Financing Statements" means the UCC-1 or equivalent statements to be filed with the appropriate offices for the perfection of a security interest in the Project, the revenues derived therefrom or the General Partner, as applicable.

"Fiscal Year" means the Fiscal Year of the Borrower from time to time, initially January 1 through December 31.

"General Partner" means Austin Colorado Creek GP, LLC, a Texas limited liability company.

"Ground Lease" means the Ground Lease dated as of March __, 2016 between the Fee Owner, as landlord and Ground Lessor, and the Borrower, as tenant as it may be amended, supplemented or restate from time to time.

"Indenture" means the Trust Indenture dated as of March 1, 2016 between the Issuer and the Trustee, as amended, modified, supplemented or restated from time to time or any agreement entered into in substitution therefor.

"Initial Purchaser" means International Bank of Commerce, a Texas state banking corporation.

"Limited Partnership Agreement" means that certain Amended and Restated Limited Partnership Agreement of the Borrower, as amended from time to time.

"Net Proceeds" shall have the meaning set forth in the Tax Agreement.

"Payment and Performance Bonds" means (i) a payment bond issued by a surety which is at a minimum an A-rated insurance company and is approved by the Initial Purchaser, in the penal sum of the construction contract by and between the general contractor and the Borrower, ensuring the payment by the general contractor of all persons who have a direct relationship with the general contractor or a subcontractor of the general contractor with contracts, oral or written, naming the Initial Purchaser in a dual obligee rider of the payment bond, in a form acceptable to the Lender, and in compliance with Section 53.201 et. seq of the Texas Property Code, and (ii) a performance bond issued by the surety which is at a minimum an A-rated insurance company and is approved by the Initial Purchaser, in the penal sum of the construction contract by and between Borrower and the general contractor, ensuring the performance of the construction contract by the general contractor, naming Initial Purchaser in a dual obligee rider of the performance bond, in a form acceptable to Initial Purchaser. The Payment and Performance

Bond, with a copy of the construction contract, shall be recorded in the Real Property Records of Travis County, Texas with such documentation to be executed by Borrower as required by Initial Purchaser. The Payment and Performance Bonds shall be delivered to the Initial Purchaser at such time as the Initial Purchaser requires of the Borrower, which in any event shall be at least ten (10) days before the construction of the Project commences unless otherwise approved in writing by the Initial Purchaser, and the Borrower will timely comply with all terms and conditions of the Payment and Performance Bonds.

"Permanent Term Purchaser" shall have the meaning given to such term in the Indenture.

"Permitted Encumbrances" means, as of any particular time: (a) liens for ad valorem taxes and special assessments not then delinquent; (b) the Mortgage and any security interests or other liens created thereby; (c) any service/utility easements for the benefit of the Project or the Project tenants; utility, access and other easements and rights of way, mineral rights restrictions and other exceptions that appear as exceptions in the Title Insurance that are granted pursuant to the terms of the Mortgage, or that are approved in writing by the Significant Bondholder; (d) the Regulatory Agreement and tax credit land use restriction agreement related to the low income housing tax credits to be generated by the Project; (e) leases of the Project subject to and as contemplated by the Mortgage and complying with the Regulatory Agreement; and (f) claims being contested by the Borrower in good faith in accordance with terms of the Loan Documents which, if required by the Initial Purchaser, shall have been bonded around with an endorsement as required by the Title Company to remove any such claim as an exception to title.

"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.

"Project Completion Date" shall have the meaning given to such term in the Indenture.

"Property" means the Project Site as defined in the Regulatory Agreement, which is also more particularly described by metes and bounds on Exhibit " ", attached hereto and incorporated herein for all purposes.

"Property Management Agreement" means collectively, those agreements between the Borrower and the Project Manager, regarding the management of the Project.

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

"Regulatory Agreement" means that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of March 1, 2016, among the Issuer, the Trustee and the Borrower, as amended, modified, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

"Related Party" means a related person within the meaning of Section 1.148-1(b) and 1.150-1(b) of the Regulations.

"State" means the State of Texas.

"Stated Maturity," when used with respect to the Loan or the Bonds or any installment of interest thereon, shall mean any date specified in this Loan Agreement 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.

"Subordinate Loans" means, collectively, any and all loans or grants made to the Borrower in respect of the Project other than the Loan; provided that any such loans shall, in each instance, be (i) made pursuant to subordinate loan documents, each in form and substance acceptable to the Significant Bondholder and the Financial Monitor, (ii) fully subordinate in right and priority of payment to the right and priority of payment of the Loan and the Bonds, and (iii) unsecured obligations of the Borrower; provided further that, in the event any of such loans are payable from anything other than the Borrower's available net cash flow such loans shall, if required by the Significant Bondholder and Financial Monitor, be subject to intercreditor and subordination agreements in form and substance satisfactory to the Significant Bondholder and the Financial Monitor, and if requested by either of such parties recorded in the real property records of the Travis County, Texas; and provided further still that all costs and expenses associated with any or all of the foregoing provisos shall be borne solely by the Borrower.

"Subordinate Loan Documents" means all documents executed in connection with or securing the Subordinate Loans.

"Substantial User" means a "substantial user" within the meaning of Section 147(a) of the Code.

"Title Insurance" means a title insurance policy(s) or an acceptable marked-up commitment therefor issued by the Title Company, in the aggregate amount of the Loan insuring the Trustee (for the benefit of the Owners of the Bonds) as the holder of a valid first priority lien on the fee simple title of the Borrower in the Property.

"Trustee" means initially, Wilmington Trust, National Association and its successors in trust under the Indenture.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND SPECIAL TAX COVENANTS

Section 2.01. Express Warranties of the Issuer; Exclusion of Other Warranties. The Issuer makes the following representations and warranties as the basis for the undertakings on the part of the Borrower herein contained:

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

(b) Pursuant to a resolution adopted by the Board of Directors of the Issuer, the Issuer has authorized the execution and delivery of the Bonds, the Indenture and the

other Bond Documents to which it is a party, and the performance by the Issuer of all of its obligations hereunder and under the other Bond Documents to which it is a party;

(c) The Issuer has the power under the Act to execute and deliver the Indenture, the Regulatory Agreement, the Tax Agreement and this Agreement, to enter into the transactions contemplated hereby and thereby including, without limitation, to authorize the issuance, delivery and sale of the Bonds and to carry out its obligations hereunder and thereunder, and by proper action has duly authorized the issuance, delivery and sale of the Bonds, the execution and delivery of the Indenture, the Regulatory Agreement, the Tax Agreement and this Agreement and the performance of all of the covenants and agreements of the Issuer contained in this Agreement, the Indenture, the Regulatory Agreement, the Tax Agreement and all other documents and agreements executed by the Issuer in connection with the issuance of the Bonds;

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

(e) The Issuer, to the extent within its power or control, will not take or permit, or omit to take or cause to be taken, any action which if taken or omitted, respectively, would adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds;

(f) There are no actions, suits or proceedings pending before any court of competent jurisdiction or any governmental authority for which the Issuer has received service of process or, to the knowledge of the Issuer, threatened against the Issuer with respect to, or affecting the ability of the Issuer to authorize, the issuance of the Bonds, or involving the validity or enforceability of the Bonds, this Agreement, the Indenture, or any of the Bond Documents;

(g) THE ISSUER AND THE ISSUER'S AGENTS MAKE NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY PORTION THEREOF, INCLUDING, WITHOUT LIMITATION, THE HABITABILITY THEREOF, THE MERCHANTABILITY OR FITNESS THEREOF FOR ANY PARTICULAR PURPOSES, THE DESIGN OR CONDITION THEREOF, THE WORKMANSHIP, QUALITY, OR CAPACITY THEREOF, LATENT DEFECTS THEREIN, THE VALUE THEREOF, FUTURE PERFORMANCE OR THE COMPLIANCE THEREOF WITH ANY LEGAL REQUIREMENTS;

(h) The Issuer and the Issuer's agents make no representation or warranty as to the financial position or business condition of the Borrower and do not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the sale of the Bonds, or as to the correctness, completeness or accuracy of such statements; and

(i) The Borrower recognizes that, because the components of the Project have been and are to be designated and selected by it, THE ISSUER AND THE ISSUER'S AGENTS HAVE NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY

FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, CAPACITY, OPERATION, MERCHANTABILITY, FITNESS OR SUITABILITY FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER AND THE ISSUER'S AGENTS SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

Section 2.02. General Representations, Warranties and Covenants of Borrower.

The Borrower hereby represents, warrants and agrees as follows, as to itself and the Project that:

(a) The Borrower is a Texas limited partnership created and existing under the laws of the State, is in good standing and is duly qualified to transact business in the State, including acquiring, constructing, owning and operating the Project;

(b) It has full power and authority under its organizational documents and the laws of the State to execute and deliver this Agreement and each of the other Bond Documents to which it is a party, to be bound by the terms of the Indenture and to perform its obligations hereunder and thereunder;

(c) It has by proper action duly authorized the execution and delivery of this Agreement and each of the other Bond Documents to which it is a party;

(d) It has executed and delivered this Agreement and each of the other Bond Documents to which it is a party to the Issuer and, when validly executed and delivered by the other parties thereto, such documents, together with the Indenture to the extent applicable to it, will constitute its legal, valid and binding agreements, enforceable against it in accordance with their respective terms, except as the enforceability thereof may be subject to (i) the exercise of judicial discretion in accordance with general equitable principles, and (ii) applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted to the extent that the same may be constitutionally applied, and except that enforceability of indemnification and contribution provisions may be limited, in whole or in part, by applicable security laws;

- (e) The Project is of the type authorized and permitted by the Act;
- (f) Once recorded, the Mortgage creates a valid prior and senior lien for the Bonds, enforceable against the fee simple estate and the ground leasehold estate of the Property described and defined therein;
- (g) There are no actions, suits or proceedings before any court pending at law or in equity, or before or by any governmental authority or, to its knowledge, threatened against or affecting it, the General Partner, the Project, or, to its knowledge, involving the validity or enforceability of the Indenture, the Bonds, this Agreement or any of the other Bond Documents or the priority of the lien security interest of the Mortgage. To its knowledge, it is not in default in any material respect under its organizational documents or any mortgage, deed of trust, ground lease (including without limitation, the Ground Lease), loan or credit agreement, operating agreement or other material agreement or instrument to which it is a party or by which it is bound;
- (h) The Borrower will not take or permit to be taken any action which would have the effect, directly or indirectly, of subjecting interest on any of the Bonds to federal income taxation;
- (i) The Borrower will use due diligence to cause the Project to be acquired, constructed, equipped, and operated in accordance with the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof. The Borrower has obtained or will cause to be obtained all requisite approvals of the State and of other federal, State, regional and local governmental bodies for the acquisition, construction, improvement, equipping and operation of the Project. The Borrower has acquired an exclusive ground leasehold interest in the Property and good title to the Project and Fee Owner owns the Property in fee simple;
- (j) The execution, delivery and performance by the Borrower and the Borrower Related Persons of the Bond Documents to which each is a party and the consummation of the transactions herein and therein contemplated, do not and will not to its knowledge, (i) violate any law, regulation, ordinance, judgment or court order of any federal, state or local government applicable to any of them in any material respect, or (ii) conflict in any material respect with or constitute a material breach of or a material default under its organizational documents or under the terms and conditions of any material instrument, document, agreement, commitment, indenture, security agreement, mortgage, lease or other instrument to which any of them is a party or by which any of them, or a substantial portion of their assets, are bound;
- (k) It has made no verbal or written contract or arrangement of any kind, the performance of which by any other party thereto would give rise to a lien on the Project of equal or greater priority than the liens created under the Mortgage, and no Subordinate Loans is or will at any time be secured by a lien against the Property or any portion thereof;

(l) Any certificate signed by an Authorized Representative and delivered pursuant to the Indenture, this Agreement or any of the other Bond Documents shall be deemed a representation and warranty by the Borrower as to the statements made therein;

(m) Any financial statement which has been furnished by it to the Issuer or its agents, counsel or independent contractors, the Initial Purchaser and the Permeant Term Purchaser is complete and accurate in all material respects and presents fairly its financial condition as of its date in accordance with consistently applied accounting principles, and, since the date of such financial statement to the Closing Date, there has not been any material adverse change, financial or otherwise, in its condition, and as of the Closing Date there has not been any material adverse transaction entered into by it other than transactions in the ordinary course of business, and it has no material contingent obligations which are not otherwise disclosed in its financial statement;

(n) To its knowledge, no condition exists with respect to it that would constitute an "Event of Default" under this Agreement or which, with the lapse of time, if not cured, or with the giving of notice or both, would become an "Event of Default" under this Agreement;

(o) It has obtained (or will timely obtain as required) such licenses, permits and approvals necessary for the ownership or conduct of its business, including the transactions contemplated by the Indenture, this Agreement and each of the other Bond Documents to which it is a party;

(p) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with, any governmental authority not already obtained or made is required for the execution and delivery by it of this Agreement and each of the other Bond Documents to which it is a party, or the performance of the terms and provisions thereof (or to the extent not yet obtained or made, it has no reason to believe that such authorization, consent, approval, order, registration or declaration will not be obtained or made in a timely fashion);

(q) It shall notify the Trustee, the Significant Bondholder, the Servicer, the Financial Monitor and the Issuer immediately in writing of an Event of Default by it in the performance or observance of any covenant, agreement, representation, warranty or obligation of the Borrower set forth in this Agreement and any of the other Bond Documents to which it is a party;

(r) No information, statement or report furnished in writing to the Issuer or its agents, counsel or independent contractors, the Trustee, the Significant Bondholder, Initial Purchaser, the Permeant Term Purchaser, the Servicer and the Financial Monitor by it and the Borrower Related Persons in connection with this Agreement and the other Bond Documents and the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by or on behalf of it in connection with the preparation of any limited offering memorandum or other offering memorandum) contains any material misstatement of fact or to the best of its knowledge after reasonable investigation omits to state a material fact necessary to make the

statements contained therein, in light of the circumstances under which they were made, not misleading and the representations and warranties of it and the statements, information and descriptions contained in its closing certificates, as of the date of delivery of the Bonds, are true, correct and complete in all material respects, do not contain any untrue statement of a material fact, and do not, to the best of its knowledge after reasonable investigation, omit to state a material fact necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in light of the circumstances under which they were made, not misleading, and the estimates and the assumptions contained in its closing certificates, as of the date of delivery of the Bonds, will be reasonable and based on the best information available to it;

(s) It hereby covenants to comply with all requirements governing the Project as set forth in this Agreement, the Indenture, the Regulatory Agreement, the Tax Agreement, the Act and the Code, as may be amended from time to time and applicable to the Bonds;

(t) It (i) understands the nature and structure of the transactions relating to the financing of the Project, (ii) is familiar with the provisions of all of the Loan Documents, the other Bond Documents, the Subordinate Loan Documents and any of the documents and instruments relating to such financing to which it is a party or of which it is a beneficiary, (iii) understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project and (iv) has not relied on the Issuer or the Issuer's agents for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Loan Agreement or any of the other Bond Documents or otherwise relied on the Issuer or the Issuer's agents in any manner (except as to the representations and covenants of the Issuer expressly set forth in this Loan Agreement). No counterclaim, offset, defense or right of rescission currently exists that can be asserted and maintained by it against the Issuer or the Issuer's agents;

(u) It will be in compliance with all requirements of the Regulatory Agreement, and the representations set forth in the Regulatory Agreement pertaining to the Borrower and the Project are true and accurate. It will cause the dwelling units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws and the Regulatory Agreement;

(v) It has examined the Indenture and approves the form and substance of, and agrees to be bound by, to the extent therein provided, its terms. It shall, for the benefit of the Issuer, each Bondholder and the Trustee, do and perform all acts and things required or contemplated in the Indenture to be done or performed by it, including, without limitation, its obligation to make the payments to the Trustee required to be made by the Borrower pursuant to the Indenture;

(w) To its knowledge, no member, officer, agent or employee of the Issuer is in any manner interested, directly or indirectly, in that person's own name or in the name

of any other person, in the Bonds, the Bond Documents, or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Bond Documents;

(x) On the Closing Date or immediately thereafter, it will file and refile all Financing Statements necessary to maintain a perfected security interest in the Project on behalf of the Issuer or its assigns;

(y) It will maintain adequate levels of insurance for the Project in accordance with the requirements of Section 5.14;

(z) It will deposit, and cause to be held in accordance with State law, all security deposits of Project tenants;

(aa) It represents, covenants and warrants that at least 95% of the proceeds of the Bonds shall be used or deemed used exclusively to pay costs which (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Regulations) and (B) not made for the acquisition of existing property to the extent prohibited in Section 147(d) of the Code, and (ii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code and that the proceeds of the Bonds shall be deemed allocated on a pro rata basis to the building in the Project and the land on which it is located so that the aggregate basis of the building and the land on which it is located will have been financed 50% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code;

(bb) The Borrower (i) has no knowledge of any material liability that has been incurred or is expected to be incurred by the Borrower that is or remains unsatisfied for any taxes or penalties with respect to any employee benefit plan, within the meaning of Section 3(3) of ERISA, or any "plan," within the meaning of Section 4975(e)(1) of the Internal Revenue Code or any other benefit plan (other than a multiemployer plan) maintained, contributed to, or required to be contributed to by the Borrower or by any entity that is under common control with the Borrower within the meaning of ERISA Section 4001(a)(14) (a "Plan") or any plan that would be a Plan but for the fact that it is a multiemployer plan within the meaning of ERISA Section 3 (37); and (ii) has made and shall continue to make when due all required contributions to all such Plans, if any. Each such Plan has been and will be administered in compliance with its terms and the applicable action shall be taken or fail to be taken that would result in the disqualification or loss of tax-exempt status of any such Plan intended to be qualified and/or tax-exempt;

(cc) The Borrower is not (1) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (2) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (3) subject to any other federal or state law or regulation that purports to restrict or regulate its ability to borrow money;

(dd) All utilities, including, but not limited to, water, sewer treatment, gas, electricity, and telephone service, that are necessary for operation of the Project are or will be available for the use of the Project as a multifamily housing facility;

(ee) It has examined and is familiar with all covenants, conditions, reservations, and other restrictions pertaining to the improvement, construction and use of the Project for its intended purposes. All such restrictions have been complied with;

(ff) All roads necessary for the full use of the Project for its intended purposes have been or will be completed and are available for use by Project tenants;

(gg) It shall promptly give notice in writing to the Servicer, the Initial Purchaser (but only so long as the Initial Purchaser is the Significant Bondholder), the Financial Monitor and the Trustee of any litigation pending or threatened against it with a claim in excess of \$250,000;

(hh) It shall not create, incur, assume or permit to exist any indebtedness or liabilities resulting from borrowings, loans or advances, whether secured or unsecured, matured or unmatured, liquidated or unliquidated, joint or several, except its liabilities under this Loan Agreement, the other Bond Documents, the Subordinate Loan Documents and the Limited Partnership Agreement;

(ii) Except as otherwise permitted in the Bond Documents, until payment in full of the Loan, it will not, without the prior written consent of the Trustee, the Significant Bondholder, the Financial Monitor, and the Servicer:

(i) Change or alter in any material respect, except as specifically required by the terms of this Agreement, any document furnished to the Financial Monitor, including, but not limited to, the plans and specifications and the agreement with the general contractor;

(ii) Execute any contract or become a party to any arrangement for the performance of work on the Project except with the developer, general contractor, subcontractors, or materialmen or contracts related to the operation or management of the Project; or

(iii) Except for Permitted Encumbrances and for contracts related to the operation or management of the Project, create, assume, incur, or suffer to exist any mortgage, pledge, lien, or encumbrance not now existing on its property, including the Project, except liens for taxes not delinquent or being contested in good faith, liens in connection with workers' compensation, unemployment insurance or social security obligations, mechanic's liens, workers' liens, other such liens arising in the ordinary course of business for obligations that are not discharged within 30 days after it first receives notice of such lien or which are being contested in good faith in accordance with the Mortgage, and the security interest created or contemplated hereunder;

(jj) It shall, at its sole cost and expense: (i) execute and deliver to the Servicer, the Financial Monitor, and the Significant Bondholder such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Bonds, as the Servicer, the Financial Monitor, and the Significant Bondholder may reasonably require from time to time; (ii) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Loan Documents, as the Servicer, the Financial Monitor, or the Significant Bondholder shall reasonably require from time to time; and (iii) upon the Servicer's, Financial Monitor's, or Significant Bondholder's request therefor given from time to time after the occurrence of any Loan Agreement default for so long as such Loan Agreement default is continuing pay for (A) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower and (B) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer, the Financial Monitor, or the Significant Bondholder in each of the locations reasonably designated by the Servicer, the Financial Monitor, or the Significant Bondholder;

(kk) It shall pay over, redirect, assign or otherwise cause to be paid to the Trustee the capital contributions made under the Limited Partnership Agreement, as and when received pursuant to the Limited Partnership Agreement;

(ll) It (i) shall not own any real or personal property other than the Project and personal property related to the operation and maintenance of the Project; (ii) shall not operate any business other than the management and operation of the Project; and (iii) shall not maintain its assets in a way difficult to segregate and identify;

(mm) It and the General Partner each shall (i) 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 General Partner or any respective Affiliate thereof, except for the developer, contractor or the Property Manager which have been approved by the Significant Bondholder in advance and which are not in excess of the fair market value, in the Borrower's reasonable opinion, based on its experience in projects similar to the Project; (ii) 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, the other Bond Documents, the Subordinate Loan Documents and the Limited Partnership Agreement, (iii) not make any loans or advances to any third Person (including any Affiliate of the Borrower or the General Partner); (iv) do or cause to be done all things necessary to preserve its existence; (v) not amend, modify or otherwise change its partnership certificate, partnership agreement, articles of incorporation or bylaws, in a manner that would impact the single purpose status, without obtaining the prior written consent of the Significant Bondholder; (vi) to the extent funds are available to the Borrower, conduct and operate its business as presently conducted and operated; (vii) maintain its books and records and bank accounts separate from those of its Affiliates;

(viii) 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); (ix) file its own tax returns; (x) to the extent funds are available to the Borrower, 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; (xi) not seek or consent to the dissolution or winding up, in whole or in part, of the Borrower or the General Partner; (xii) 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 lose its status or other eligibility for any property tax exemption (or equivalent) for the Project, or (C) consent to the dissolution or liquidation of the General Partner; and (xiv) not commingle the funds and other assets of the Borrower with those of the General Partner, any Affiliate thereof or any other Person;

(nn) Substantially all (at least 90%) of the Project dwelling units will be rented to Eligible Tenants and the Borrower will not rent or lease any unit in the Project to a person not an Eligible Tenant if such rental would cause less than 90% of the dwelling units in the Project to be rented to Eligible Tenants. The Borrower shall prepare and submit to the Issuer and the Trustee, no later than November 1 of each year during the term of this Loan Agreement, commencing the first November 1 following occupancy of any dwelling unit, a certificate executed by the Borrower stating that at least 90% of the dwelling units of the Project were either occupied by or vacant and held available for persons who were Eligible Tenants at the time of initial occupancy at all times during the year preceding the date of such certificate;

(oo) The Borrower shall, to the extent permitted by applicable law, provide to the Issuer (no later than July 15, 2016), the information required for the Issuer to complete its annual report to the Texas Department of Housing and Community Affairs as required by Section 394.027 of the Act;

(pp) The Borrower shall at all times ensure that its payment obligations with respect to and under the Subordinate Loan Documents (and each therein) are fully subordinate to its payment obligations with respect to and under the Loan Documents, including without limitation, the Note;

(qq) No construction activity of any kind has commenced at the Property as of the Closing Date, and the Borrower is not in default of any of its obligations under or in respect of that certain Construction and Maintenance Agreement, dated _____, with [CONTRACTOR].;

(rr) Except for Permitted Encumbrances, the Borrower shall not grant any easement or dedication unless approved in advance by the Significant Bondholder, or file any plat, restriction or otherwise encumber the Property, and the Borrower shall not abandon the Property;

(ss) The Borrower shall not sell, lease, transfer or make any other disposition of all or any substantial part (i.e., ten percent (10%) or more in any fiscal year) of the assets of the Borrower (now or hereafter acquired);

(tt) The Borrower shall not pledge, mortgage or grant any lien on or security interest in, or other hypothecation or encumbrance of all or any substantial part (i.e., ten percent (10%) or more (based on fair market value) in any fiscal year) of the Borrower's assets (now or hereafter acquired);

(uu) The Borrower shall not assign any interest in the Borrower except as expressly permitted by the Limited Partnership Agreement;

(vv) The Borrower shall use the proceeds of the Loan solely for the costs of labor, materials and services supplied for or in connection with the Project and such other uses as permitted in the approved budget for the Project; and

(ww) The Borrower will observe and perform all obligations imposed on the Borrower in connection with those certain low income housing tax credits allocated to the Project pursuant to the Section 42 of the Code by the Texas Department of Housing and Community Affairs in the annual amount of \$_____ (collectively, the "Tax Credits"), including without limitation, the obligation to have the Project "placed in service" (within the meaning given in Section 42 of the Code) in a timely manner; and to operate the apartment units of the Project, and to use the Borrower's best efforts to cause all appropriate parties to operate the same, in accordance with all applicable governmental requirements governing the Tax Credits.

Section 2.03. Acquisition, Construction and Equipping of Project. The Borrower hereby represents, warrants and agrees as follows:

(a) That it shall commence construction no later than thirty (30) days after the Closing Date and shall diligently and continuously proceed with such construction until completion and shall comply with all provisions of the Bond Documents, including without limitation, the Indenture, regarding disbursements from the Project Fund;

(b) That it shall submit to the Trustee, the Significant Bondholder, and the Financial Monitor, not later than the first day of the month in which the disbursement is requested, a requisition in the form attached to the Indenture as Exhibit C, along with accompanying invoices, lien waivers and other documentation required by the Financial Monitoring Agreement, which shall be reviewed by the Financial Monitor for confirmation that the requisitioned work is completed and in place;

(c) That all of the buildings constituting the Project will be constructed as provided herein and in the Financial Monitoring Agreement, and, at the time of construction, it will have complied and will continue to comply with its obligations under the documents executed by it in connection with the issuance of the Bonds, in each case unless waived in accordance with the terms of such documents;

(d) That if amounts on deposit in the Project Fund designated for the Project and available to be disbursed to it are not sufficient to pay the costs of such acquisition, construction and equipping, it shall pay such additional costs from its own funds or funds available to it;

(e) That it shall not be entitled to any reimbursement from the Issuer, the Trustee, the Servicer, the Financial Monitor, the Significant Bondholder or any Owner in respect of any such costs or to any diminution or abatement in the repayment of the Loan;

(f) That all directions of it as to investment of Bond proceeds will be in accordance with the Indenture and the Tax Agreement, as applicable;

(g) Based on information available to it as of the date hereof, that the estimated costs of the Project have been determined in accordance with sound engineering and accounting principles and the estimated Project Completion Date and the period of usefulness of the Project supplied by it to the Issuer for approval and issuance of the Bonds were made in good faith and in its opinion, are fair, reasonable and realistic;

(h) That the cost of the acquisition, improvement, construction and equipping of the Project is greater than the amount of the Loan;

(i) That the Borrower has and will have an exclusive ground leasehold estate in the Property and will be the sole owner of the Project, subject only to the Permitted Encumbrances, and that Fee Owner owns the Property in fee simple;

(j) That the Project will be constructed and equipped in such manner as to conform in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction of the Project, all necessary utilities are or will be available to the Project, and the Borrower will obtain all requisite zoning, planning, building and environmental and other permits necessary for the improvement, construction and equipping of and the use contemplated for the Project;

(k) That the Project is located entirely within the boundaries of the City;

(l) A Form T-2 Loan Policy of Title Insurance promulgated by the Texas Department of Insurance, issued by the Title Company in a face amount not less than the principal amount of the Bonds (hereinafter referred to as the "Title Insurance Policy") shall be evidenced by a commitment or *pro forma* policy of insurance on or before the Closing Date. The Title Insurance Policy shall insure fee simple title to the Property to be vested in the Fee Owner, that the Borrower has an exclusive ground leasehold estate in the Property and the Mortgage to be a valid, first lien on the Property and the Project with respect to the Bonds, subject only to the Permitted Encumbrances. The Title Insurance Policy shall contain such endorsements (including, without limitation and if available in the State, usury, minerals, restrictions [T.19 and T.19.2], zoning, pending disbursements, mechanic's liens, specific access and down dates) and such other coverage as the Financial Monitor and the Significant Bondholder, if any, may require;

(m) All building permits and any special permits or licenses necessary for improvement and construction of the Project, which permits shall be issued on the basis of the plans and specifications approved by the Servicer and the Initial Purchaser (the "Plans and Specifications"), shall be furnished to and collaterally assigned to the Trustee;

(n) The construction of the Project in accordance with the Plans and Specifications will comply with all applicable law including, without limitation, all building, zoning, environmental and occupational safety laws, rules, regulations and ordinances, and the Americans with Disabilities Act and the accessibility guidelines promulgated thereunder;

(o) Upon completion of the Project in accordance with the Plans and Specifications, the Project will comply with all applicable laws in effect on the date of the certificate of completion, including, without limitation, all applicable building, zoning and environmental laws, ordinances, rules and regulations, and with all covenants and restrictions;

(p) Any and all required licenses and permits for, and approvals of, the construction of the Project and the Plans and Specifications have been or will be issued by all agencies (federal, state and local) having jurisdiction thereof, excepting specific licenses, permits and approvals which Borrower's Architect shall identify to the Financial Monitor as of the Closing Date;

(q) That it shall obtain the Payment and Performance Bonds no later than twenty (20) days after the Closing Date in a form reasonably satisfactory to the Initial Purchaser and it will deliver to the Initial Purchaser the Affidavit of Commencement, executed by the Borrower, when construction of the Project commences;

(r) There will be no material extra work or material change in the Plans and Specifications without the prior written consent of the Financial Monitor and the Significant Bondholder, if any, upon such terms and conditions as the Financial Monitor and the Significant Bondholder, if any, may reasonably require;

(s) That it will provide written notice to the Significant Bondholder, if any, and the Financial Monitor on or before five (5) days after the Borrower receives notice of any mechanic's and materialman's lien and/or affidavit of mechanic's and materialman's lien filed against the Property, and that as to any claimed mechanic's and materialman's lien not resolved on or before thirty (30) days after the Borrower receives notice of same, the Borrower shall bond around such claimed lien by including sufficient funds in an escrow account at the Title Company regarding such claimed lien sufficient for Title Company to remove same as an exception to title; and

(t) That it shall not make any changes to the total budget for the construction of the Project without the prior written consent of the Financial Monitor and the Significant Bondholder, if any.

Section 2.04. Completion of Project. The Borrower shall complete the Project no later than the Project Completion Date. As soon as practicable after the Project Completion Date the

Borrower shall furnish to the Issuer, the Significant Bondholder, the Financial Monitor, and the Trustee a Certificate of Completion containing the following:

(a) The Borrower's statement that all material terms and conditions under the Financial Monitoring Agreement have been satisfied or waived in writing which may be evidenced by an approved draw request by the Financial Monitor and, to the extent applicable, the Initial Purchaser, and all documents required thereunder have been delivered;

(b) The Borrower's statement that the Project has been completed and is ready and available for occupancy as of a specified date and the evidence of completion required pursuant to the Financial Monitoring Agreement;

(c) The Borrower's statement of the aggregate amount disbursed from the Project Fund upon the Project Completion Date and the additional amount, if any, expected to be required from the Project Fund to pay the remaining Project Costs;

(d) The Borrower's certification that all of the amounts disbursed from the Project Fund will be or have been applied to pay or reimburse Project Costs and that none of the amounts disbursed from the Project Fund for the Bonds will be applied to pay or reimburse costs or expenses other than Project Costs; and

(e) The Borrower's certification that substantially all (at least 95%) of the Net Proceeds of the Bonds were applied to pay or reimburse Qualified Project Costs and that no more than 2% of the Sale Proceeds of the Bonds were used to pay Costs of Issuance.

In addition, when the Project Completion Date occurs, the Borrower shall also provide to the Significant Bondholder, if any, an Affidavit of Completion for the Project in recordable form in a form reasonably approved by the Significant Bondholder.

Section 2.05. Compliance With Regulatory Agreement and Borrower's Tax Agreement. The Borrower covenants to comply at all times with the requirements of the Regulatory Agreement and the Borrower's Tax Agreement.

Section 2.06. Maintenance of Project.

(a) After completion of the Project, the Borrower will keep the buildings, parking areas, roads and walkways, recreational facilities, landscaping and all other improvements of any kind now or hereafter erected as part of the Project in good condition and repair (normal wear and tear excepted), will not commit or suffer any waste, and will not do or suffer to be done anything which would or could increase the risk of fire or other hazard to the Project or any part thereof (other than regular and normal operations) or which would result in the cancellation of any insurance policy carried with respect to the Project.

(b) The Borrower will not remove, demolish or alter the structural character of any improvement (other than as part of the initial improvement and construction of the Project or any repair or restoration following a fire or other casualty) located on the

Project without the written consent of the Significant Bondholder, if any, and the Financial Monitor.

(c) If the Project or any part thereof incurs any loss or damage in excess of \$250,000 by fire, condemnation or other cause, the Borrower will give immediate written notice thereof to the Issuer (if requested), the Financial Monitor, the Servicer, the Trustee and the Significant Bondholder and each Owner requesting the same at the address supplied to the Trustee by such Owner or its authorized representative, which notice shall describe the damage or loss, estimated time to restore or repair the Project, the estimated cost of such repair or replacement and the source of amounts needed to repair or replace the Project.

(d) The Issuer, the Servicer, the Financial Monitor, and the Significant Bondholder or their representatives are hereby authorized to enter upon and inspect the Project at any time during normal business hours upon reasonable notice and subject to the rights of tenants in lawful possession; provided that, no notice shall be required during any period while an Event of Default shall exist.

(e) The Borrower will promptly and materially comply with all valid and binding present and future laws, ordinances, rules and regulations of any governmental authority binding upon the Project or any part thereof.

(f) The Borrower will make the repairs described in any Project Condition Report.

Section 2.07. Covenants Regarding Tax-Exemption.

(1) The Borrower covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder (other than the income of a "substantial user" of the Project or a "related person" within the meaning of section 147(a) of the Code) for purposes of federal income taxation. In particular, but not by way of limitation thereof, the Borrower covenants as follows:

(a) to take such action to assure that the bonds are "exempt facility bonds", as defined in section 142(a) of the Code, at least 95 percent of the proceeds of which are used to provide "qualified residential rental projects" (within the meaning of said section 142(a)(7) of the Code) or property functionally related and subordinate to such facilities;

(b) to comply with the terms and conditions of that certain Regulatory Agreement, including, without limiting the generality of any other covenant contained herein, --

(1) assuring that at all times within the Qualified Project Period that 20 percent of the residential units in the Project will be occupied by persons whose income is 50 percent or less of area median gross income or, in lieu thereof, 40

percent of the residential units in the Project will be occupied by persons whose income is 60 percent or less of area median gross income percent,

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

(3) assuring that none of the residential units in the Project will be used for a purpose other than residential rental or that none of the units will be used as owner-occupied residences within the meaning of section 143 of the Code;

(c) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(d) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(1) proceeds of the Bonds invested for a reasonable temporary period equal to the lesser of 3 years or less until such proceeds are needed for the purpose for which the bonds are issued,

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

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

(e) 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);

(f) to use no more than two percent of the gross proceeds of the Bonds for the payment of costs of issuance;

(g) to use no portion of the proceeds of the Bonds to provide any airplane, sky-box or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises;

(h) to comply with the limitations imposed by section 147(c) of the Code (relating to the limitation on the use of proceeds to acquire land) and section 147(d) of the Code (relating to restrictions on the use of bond proceeds to acquire existing buildings, structures or other property);

(i) that the Borrower shall immediately remit to the Trustee for deposit in the Rebate Fund any deficiency with respect to the Rebate Amount as required by the Indenture;

(j) the Borrower agrees 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

(k) to take such action to assure, and to refrain from any action which would cause, the Project financed with the proceeds of the Bonds to not be as described in the "Application of Private Activity Bonds" submitted by the Issuer on behalf of the Borrower to the Texas Bond Review Board in order to receive an allocation of state volume cap as required by section 146 of the Code; and

(l) the issuer agrees to submit, and the Borrower agrees to cause the issuer to submit, such closing documents for the Bonds, in accordance with the rules of the Texas Bond Review Board, as may be necessary, or to take such other action as reasonably required, to cause the Texas Bond Review Board to provide the certificate of allocation.

(2) The Issuer and Borrower understand that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer and the Borrower that the covenants contained in this Agreement are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer and the Borrower will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Treasurer or Program Manager to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

[In order to facilitate compliance with the above covenant (g), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such fund shall

not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.]

(3) Allocation of, and Limitation on Expenditures for the Project. The Issuer and the Borrower covenant to account for the expenditure of sale proceeds and investment earnings to be used for the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer and the Borrower shall not expend sale proceeds or investment earnings thereon more than 60 days after the later of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Issuer and the Borrower shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 2.08 Variations Between Agreements. Variations between requirements imposed on the Borrower by this Agreement and the Indenture and requirements imposed on the Borrower by the Regulatory Agreement, the Borrower's Tax Agreement or the Mortgage shall not excuse or relieve the Borrower from full performance of this Agreement, the Indenture, the Mortgage, the Regulatory Agreement and the Borrower's Tax Agreement. To the extent there are inconsistencies among said documents, the Regulatory Agreement and the Borrower's Tax Agreement, as applicable, shall control with respect to maintaining the exclusion from gross income of interest on the Bonds, and the Indenture shall control with respect to all other matters.

Section 2.09 Secondary Financing. The Borrower hereby covenants and agrees that, except for Permitted Encumbrances and except as otherwise contemplated in the Mortgage, without the prior written consent of the Financial Monitor and the Significant Bondholder, if any, it shall not incur any secondary financing secured by the Project or other financings beyond the Subordinate Loans and the transactions contemplated in the Limited Partnership Agreement.

Section 2.10 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 herein and by the Indenture and with the written consent of the Issuer. Anything contained in this Agreement or the Indenture to the contrary notwithstanding, the Issuer and the Borrower hereby agree to amend this Agreement and, if appropriate, the Indenture, the Regulatory Agreement and the Tax Agreement, to the extent required, in the opinion of Bond Counsel, in order for interest on the Bonds to remain excludable from gross income for federal income tax purposes. The party requesting such amendment shall notify the other parties to this Agreement of the proposed amendment and send a copy of such requested amendment to Bond Counsel. The Borrower shall pay all reasonable and necessary fees and expenses incurred with respect to such amendment. The Borrower, the Issuer and where applicable, the Trustee per written instructions from the Issuer shall execute, deliver and, if applicable, the Borrower shall file of record, any and all documents and

instruments, including, without limitation, an amendment to the Regulatory Agreement or the Tax Agreement, necessary to effectuate the intent of this Section, and the Borrower 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 Borrower 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 the Borrower or the Issuer defaults in the performance of its obligation under this Section; provided, however, that the Trustee shall take no action under this Section without first notifying the Borrower or the Issuer, as is applicable, of its intention to take such action and providing the Borrower or the Issuer, as is applicable, a reasonable opportunity to comply with the requirements of this Section.

The Borrower shall execute, deliver and comply with the provisions of the Tax Agreement, which is by this reference incorporated into this Loan Agreement and made a part of this Loan Agreement as if set forth in this Loan Agreement in full, and by its acceptance of this Loan Agreement the Trustee acknowledges receipt of the Tax Agreement and acknowledges its incorporation into this Loan Agreement by this reference.

Section 2.11 Determination of Taxability. Without limiting Section 2.07(h) hereof, neither the Borrower nor the General Partner shall admit in writing to the Internal Revenue Service or any other investigative authority that interest on the Bonds has become includable in gross income for purposes of federal income taxation without first providing reasonable advance notice to the Significant Bondholder, the Financial Monitor permitting the Significant Bondholder and Financial Monitor, at their sole discretion, 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 Significant Bondholder, the Financial Monitor and the Servicer.

ARTICLE III THE BONDS; BOND PROCEEDS; THE INDENTURE

Section 3.01 Issuance of Bonds. Subject to the satisfaction of and compliance with all of the provisions, covenants and requirements of this Agreement, in order to provide funds for the payment of the Project Costs, the Issuer has authorized the issuance and delivery of the Bonds to the Initial Purchaser in accordance with the Indenture.

Section 3.02 Bond Proceeds; Investments. The Borrower hereby covenants and agrees that the proceeds of the Bonds and any earnings from any investments thereof have been deposited, and will be held, invested and reinvested, solely for the purposes and expended subject to the limitations contained in the Indenture, this Agreement, the Regulatory Agreement and the Tax Agreement.

Section 3.03 Indenture Approval and Requirements.

(a) The execution of this Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower. Additionally, the Borrower agrees that whenever the Indenture is executed and by its terms imposes a duty or obligation upon the Borrower to the same extent as if the Borrower was an express party to the

Indenture, the Borrower hereby agrees to carry out and perform all of its obligations thereunder, and any default by the Borrower not cured within the applicable cure period thereunder shall constitute a default under this Agreement.

(b) In addition to other requirements of this Agreement and without limitation, the Borrower shall provide, or cause to be provided, to the Trustee on or before the Closing Date:

(i) Original executed counterparts of the instruments and signed legal opinions described in Section 3.03 of the Indenture and an opinion of counsel to the Borrower in form and substance satisfactory to the Significant Bondholder and the Financial Monitor;

(ii) A copy of the Borrower's Limited Partnership Agreement, together with all exhibits, schedules, addenda and documents supplemental thereto;

(iii) The fully executed Collateral Assignments and the Guaranty (each as defined in the Indenture) and all other documents required by the Initial Purchaser shall have been delivered in form and substance satisfactory to the Initial Purchaser and the Financial Monitor;

(iv) the fully executed Forward Bond Purchase Agreement;

(v) the fully executed Ground Lease;

(vi) Moneys required for payment of Costs of Issuance; and

(vii) The Borrower Contribution limited to the amount that must be delivered to the Trustee on the Closing Date.

ARTICLE IV THE LOAN, PREPAYMENTS, ASSIGNMENTS

Section 4.01 Loan by the Issuer.

(a) Subject to Section 3.03 hereof, the Issuer, pursuant to the terms of this Agreement, agrees to loan to the Borrower the proceeds in the aggregate principal amount of \$25,000,000 received by the Issuer from the sale of the Bonds, which shall be deposited under the Indenture and shall be disbursed as provided in the Indenture and the Disbursing and Servicing Agreement. No amounts deposited with the Trustee by the Borrower in the Cost of Issuance Fund for Costs of Issuance shall be deemed to satisfy any portion of the Borrower's obligation to repay the Loan unless applied thereto or to the redemption of Bonds. The repayment obligations of the Borrower under this Agreement shall be evidenced by the Note in the principal amount equal to the principal amount of the Bonds, executed by the Borrower concurrently with the issuance of the Bonds, made payable to the Issuer and endorsed by the Issuer, without recourse, to the Trustee. It is expressly agreed that the Borrower will cause to be carried out and performed all of its obligations under the Ground Lease, the Note, the Indenture, the

Mortgage, the Regulatory Agreement, the Tax Agreement, the Forward Bond Purchase Agreement and the other Loan Documents.

(b) Concurrently with the execution and delivery of this Agreement and prior to any disbursement from the Project Fund, the Borrower has (i) executed and delivered the Note to the Issuer, and the Issuer has assigned the Note, without recourse, to the Trustee, (ii) caused the Mortgage to be executed and delivered to the Issuer and assigned to the Trustee and recorded in the official records of Travis County, Texas or other appropriate offices, (iii) caused the Regulatory Agreement and any applicable Financing Statements to be recorded in the official records of Travis County, Texas or other appropriate office, (iv) delivered to the Trustee the Title Insurance and (v) paid to the Trustee all Costs of Issuance.

(c) The Borrower acknowledges and agrees that it intends to make, and the Borrower agrees to make, payments required under this Agreement and the Note in such amounts, and at such times, sufficient to pay, after applying all amounts otherwise available for making such payments, (i) all amounts required to pay the principal of, premium, if any, interest and any other amount due on the Bonds prior to the date when and as due and payable, whether by stated maturity date, by optional or mandatory or sinking fund redemption, mandatory purchase or by acceleration or otherwise, (ii) all amounts required to be paid under the Note, including, but not limited to, all amounts due to the Replacement Reserve Fund and the Escrow Fund, and (iii) all fees, expenses and indemnification (including reasonable counsel fees on any and all tribunal levels), without duplication, of the Issuer, the Servicer, the Initial Purchaser, the Financial Monitor, the Rebate Analyst, the Financial Advisor, Bond Counsel, counsel for the Issuer, the Trustee and Counsel to the Trustee (including extraordinary expenses of the Trustee) provided for in this Agreement or in the Indenture, including the Issuer Fee and the Trustee Fee.

(d) The obligation of the Borrower to make any payments required to be made under this Agreement (including, but not limited to, payments due by reason of acceleration of the Borrower's obligations hereunder pursuant to Article VII and obligations of the Borrower under Article VI) and under the Note shall be absolute and unconditional and shall not be subject to offset, abatement, diminution, postponement or deduction, or to any defense other than payment, or to any right of setoff (except for payment made), counterclaim (except if mandatory) or recoupment arising out of any breach under the Loan Documents or the Indenture or otherwise by the Issuer, the Trustee, any Owner of Bonds or any other person, or out of any obligation or liability at any time owing to the Borrower by any of the foregoing. Nothing herein contained, however, shall be interpreted to abridge the right of the Borrower to seek judicial remedy for any breach of covenant or contract in a separate legal proceeding.

Section 4.02 Loan and Other Payments.

(a) The Borrower shall pay hereunder to the Trustee for deposit into the appropriate funds and accounts under the Indenture the amounts at the times required by the Note and this Agreement. Amounts so paid to the Trustee by the Borrower shall be in

immediately available funds, provided, however, that the Borrower shall not be responsible for any costs associated with any securitization of the Bonds including, without limitation, any costs associated with receiving a rating on the Bonds. In furtherance of the foregoing, the Borrower shall pay to the Trustee on the fifteenth day of each month the following amounts:

(i) Commencing April 15, 2016, and on the 15th day of each month thereafter, the interest due on the Bonds on the next succeeding Interest Payment Date, plus any interest due on the Bonds which was not previously paid because insufficient moneys were held under the Indenture; and

(ii) Commencing on the first Bond Payment Date for the Principal Requirement, and on the 15th day of each month thereafter, the principal due on the Bonds on the next succeeding Interest Payment Date through redemption under Section 4.01 of the Indenture or at maturity, net of allowance for any additional amounts on deposit in the Principal Account of the Bond Fund or the Redemption Fund which are available for the payment of principal on the Bonds plus any principal due on the Bonds which was not previously paid because insufficient moneys were held under the Indenture.

(b) In addition to other amounts due under this Agreement, the Borrower shall pay on the fifteenth day of each month to the Trustee the following amounts:

(i) Commencing on the 15th day of the month immediately following the Stabilization Date, one-twelfth of the Replacement Reserve Fund Requirement;

(ii) Commencing on April 15, 2016, (A) $1/12^{\text{th}}$ of the Administrative Expenses (taking into account the annual amount of such Administrative Expenses if payable on a semiannual basis), applying amounts on deposit in the Administrative Expense Account for this purpose as a credit toward each monthly payment, and (B) to the extent incurred in accordance with the Indenture and this Agreement, any expenses of the Trustee or the Issuer for extraordinary services, including, but not limited to, the payment obligations of the Borrower pursuant to Sections 4.13 and 5.03; and

(iii) Commencing on April 15, 2016, (A) an amount equal to a portion of the premiums for required insurance due determined as of the first monthly payment of such payment period by multiplying such insurance premium by a fraction, the numerator of which is one and the denominator of which is the number of monthly payments due prior to the next payment date of such insurance premium less any amounts on deposit in the Escrow Fund and available for such purpose; provided, however, that the last monthly payment of such payment period shall be adjusted to reflect the actual insurance premium due and (B) an amount equal to a portion of the annual non-exempt real estate taxes for the Project to come due in each year determined as of the first monthly payment of such payment period by multiplying the prior year's tax bills by a fraction, the

numerator of which is one and the denominator of which is the number of monthly payments due prior to the next payment date (assuming payment by January 15 of each year) of the annual real estate taxes for the Property less any amounts on deposit in the Escrow Fund and available for such purpose; provided, however, that the last monthly payment of each payment period shall be adjusted to reflect the actual real estate taxes due.

Such monthly payments shall be appropriately adjusted for a short or long first payment period so that each monthly payment is equal. In all cases the last such monthly payment before a payment date shall be sufficient to pay the amount due and payable on such payment date. The Borrower shall provide to the Trustee by January 1 of each year the tax bills for the prior year's real estate taxes on the Property, if applicable, and shall provide to the Trustee and the Financial Monitor at least one week prior to the last monthly payment of each payment period, the invoices for the insurance premium to be paid on the next payment date.

(c) In addition to the foregoing required payments, the Borrower shall pay an amount equal to the Cash Flow Deficiency in immediately available funds within ten Business Days of receipt by the Borrower of notice from the Trustee, all as provided in Section 5.02(a)(i)(A) of the Indenture.

(d) Any amount payable under this Section 4.02 and not paid within five Business Days of the stated due date shall bear interest at the Default Rate.

(e) Unless the terms of Section 7.05 and Section 5.02(b) of the Indenture shall be in effect after such time as the Initial Purchaser is no longer the Significant Bondholder, the Borrower may first pay Operating Expenses before making payments due under this Section. While the Initial Purchaser is the Significant Bondholder, the Borrower may not pay Operating Expenses before making payments due under this Section.

All payments made by the Borrower hereunder or by the Borrower under the other Loan Documents shall be made irrespective of, and without any deduction for, any setoffs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

Section 4.03 Coverage Payments. Commencing on the Debt Service Coverage Determination Date, in the event that the Debt Service Coverage Ratio for any 12-month period, as reflected in the financial statements delivered pursuant to Section 5.09 hereof, and as confirmed by the Financial Monitor, falls below 1.05:1.00, or if required by Section 5.11(c) hereof, the Borrower shall pay hereunder (for so long as may be required under Section 5.11(b) hereof) to the Trustee for deposit into the Bond Fund held by the Trustee for such purpose pursuant to Section 5.02(b) of the Indenture, all Project Revenues, less current Operating Expenses (unless Section 7.05(b) of the Indenture is applicable), immediately upon receipt of amounts thereof which on a cumulative basis are in excess of \$1,000. On or before the fifteenth day of each month, the Borrower shall provide to the Trustee, the Initial Purchaser (but only so long as the Initial Purchaser is the Significant Bondholder) and the Financial Monitor a statement setting forth the Project Revenues for the previous one-month period. The obligation of the Borrower to make such payments shall cease at such time as the Financial Monitor shall

determine that the Debt Service Coverage Ratio for a six-month period ending on any quarter (including unaudited quarterly results for such purpose) has been equal to or greater than 1.05:1.00 and at such time the balance in the Bond Fund in excess of the amount necessary to avoid a Cash Flow Deficiency shall be transferred to the Borrower.

Section 4.04 Prepayment Generally.

(a) No prepayment of the Loan, in whole or in part, may be made except as provided in Sections 4.05 and 4.06; and

(b) Upon receipt of written notice that a deposit is being made for the purpose of prepaying the Loan and thereby effecting the redemption of the Bonds, the Trustee shall take such steps as may be required under the Indenture to accomplish the redemption of the Bonds under the redemption provisions of the Indenture.

Section 4.05 Optional Prepayment of Loan; Concurrent Bond Redemption.

(a) The Loan is subject to prepayment on or after April 1, 2033, in order to effect the redemption of the Bonds under Section 4.02 of the Indenture at the option of the Borrower, with the prior written consent of the Significant Bondholder, in whole or in part at the times and at the redemption prices as set forth in Section 4.02 of the Indenture plus interest accrued and unpaid to the redemption date of the Bonds. The consent of the Significant Bondholder shall be given so long as the Borrower has complied with the applicable provisions of the Note with respect to such prepayment and has provided evidence satisfactory to the Significant Bondholder in its sole discretion that the amounts used to prepay the Note will not constitute an avoidable preference under Section 547 of the U.S. Bankruptcy Code in the event Borrower or an affiliate thereof were to become a debtor under the U.S. Bankruptcy Code and shall not be subject to the automatic stay provisions of Section 362(a) of the U.S. Bankruptcy Code. The Loan is not otherwise subject to optional prepayment by the Borrower.

(b) To effect optional prepayment of the Loan and redemption of the Bonds as contemplated in subparagraph (a) above, the Borrower shall deliver to the Trustee, at least five days prior to the date on which notice of prepayment of the Bonds is required to be sent to Owners specifying the date on which Bonds are subject to redemption under said Section, a written certificate of the Borrower stating that the Borrower is prepaying the Loan pursuant to this Section 4.05, which notice may state that such prepayment may be conditioned upon the Trustee's receipt of moneys sufficient to effect such prepayment. The certificate from the Borrower shall certify the following: (i) the principal amount of the Loan to be prepaid, (ii) that the amount to be prepaid on the Loan shall be credited to redemption of the Bonds by the Trustee pursuant to Section 4.02 of the Indenture, and (iii) the date for redemption of the Bonds.

Section 4.06 Mandatory Prepayment of Loan. The Loan shall be prepaid in whole or in part to the extent necessary to effect the mandatory redemption of the Bonds at the times and in the amounts specified in Sections 4.01, 4.03, 4.04 and 4.05 of the Indenture.

Section 4.07 Amounts Required for Prepayment.

(a) The amount payable by the Borrower hereunder upon the exercise of the option granted to the Borrower in Section 4.05, or mandatory prepayment as provided in Section 4.06, shall be, to the extent applicable and except as otherwise provided, as follows:

(i) The amount of money necessary to pay the redemption price of the Bonds to be redeemed specified in Section 4.02 of the Indenture in the case of optional redemption and Sections 4.01, 4.03, 4.04 and 4.05 of the Indenture in the case of mandatory redemption, together with all interest specified therein payable up to and including said redemption date and all expenses of the redemption; plus

(ii) In the event of a redemption in whole, an amount of money, without duplication, equal to the Trustee Fee, the Issuer Fee, the Servicer Fee, the Financial Monitor Fee, Administrative Expenses and other expenses under the Indenture accrued and to accrue until the final payment and redemption of the Bonds; less

(iii) A credit for amounts otherwise available under the Indenture for payment of the principal of, or premium, if any, or interest on, the Bonds to be redeemed.

(b) Any prepayment made pursuant to Section 4.05 or 4.06 shall be deposited into the Redemption Fund.

Section 4.08 [Reserved].

Section 4.09 Assignments to Trustee. It is understood and agreed that all right, title and interest of the Issuer in and to this Agreement (except for the Unassigned Issuer Rights), the Note and the Mortgage are to be pledged and assigned by the Issuer to the Trustee as security for the Bonds under and pursuant to the Indenture. The Borrower consents to such pledge and assignment. The Issuer hereby directs the Borrower, and the Borrower agrees, to pay or cause to be paid to the Trustee at its designated corporate trust office all payments on the Loan pursuant to this Agreement and the Note.

Section 4.10 Trustee Fee. The Borrower hereby agrees to pay to the Trustee, in addition to the amounts payable hereunder, the Trustee Fee required to be paid pursuant to the Indenture, as provided in Section 4.01(c).

Section 4.11 Usury.

(a) Notwithstanding any provision of this Agreement or the Note to the contrary, it is hereby agreed by and between the Issuer and the Borrower that in no event shall the interest contracted for, charged or received in connection with the Loan made hereunder (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Agreement or the Note) exceed the maximum rate of interest allowed under the laws of the State as presently in effect and to the extent an increase is allowable by such laws, but in no event shall any amount ever be paid or payable by the Borrower greater than the

amount contracted for herein; and in the event the maturity of the Loan is accelerated pursuant to Article VII, or prepaid in accordance with the provisions hereof requiring mandatory prepayment, then such amounts that constitute payments of interest on the Loan, together with any costs or considerations which constitute interest under the laws of the State, may never exceed an amount which would result in payment of interest at a rate in excess of the maximum interest allowed by the laws of the State or the United States to the extent applicable, as presently in effect and to the extent an increase is allowable by such laws; and excess interest, if any, provided for in this Agreement or the Note, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as payment of principal on the Loan.

(b) To the extent permitted by law, interest contracted for, charged or received on the Loan shall be allocated over the entire term of the Loan to the end that interest paid on the Loan does not exceed the maximum amount permitted to be paid thereon by law.

Section 4.12 Additional Charges. The Borrower agrees to pay when due each and all of the following:

(a) (i) All indemnity payments required to be made under Article VI to the Issuer and the Trustee; (ii) all reasonable fees (including reasonable legal fees) and expenses incurred by the Issuer to exercise its Unassigned Issuer Rights under the Indenture, this Loan Agreement and the other Loan Documents; and (iii) all other reasonable expenses incurred by the Issuer and Trustee in relation to the Project which are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement or any separate fee agreement, including costs incurred as a result of a request by the Borrower;

(b) Interest (to the extent permitted by law, as to interest on interest) at the Maximum Interest Rate on all payments not made by the Borrower under Section 4.02(b)(ii) or under Section 4.12(a) and 4.12(c) when due, after the expiration of any grace period applicable thereto, to the parties entitled thereto;

(c) ANY AND ALL REASONABLE EXTRAORDINARY FEES AND EXPENSES OF THE ISSUER AND OF THE TRUSTEE INCURRED BY OR ON BEHALF OF EITHER OF THEM AT ANY TIME RELATED TO THE PROJECT WHICH ARE NOT PAID FROM THE AMOUNTS HELD UNDER THE INDENTURE, INCLUDING, WITHOUT LIMITATION, LEGAL FEES AND EXPENSES INCURRED IN CONNECTION WITH THE INTERPRETATION, PERFORMANCE, ENFORCEMENT OR AMENDMENT OF THE INDENTURE, THE LOAN DOCUMENTS OR ANY OTHER DOCUMENTS RELATING TO THE PROJECT OR THE BONDS OR IN CONNECTION WITH ANY FEDERAL TAX OR STATE COMPLIANCE AUDIT OR ANY QUESTIONS OR OTHER MATTERS ARISING UNDER SUCH DOCUMENTS. SUCH COSTS AND EXPENSES SHALL INCLUDE, WITHOUT LIMITATION, CHARGES FOR TITLE INSURANCE (INCLUDING ENDORSEMENTS), FILING, RECORDING AND ESCROW CHARGES, FEES FOR APPRAISAL, ARCHITECTURAL AND ENGINEERING

REVIEW, CONSTRUCTION SERVICES AND ENVIRONMENTAL SERVICES, MORTGAGE TAXES, DOCUMENT REVIEW AND PREPARATION, REASONABLE EXPENSES OF LEGAL COUNSEL AND ANY OTHER FEES AND COSTS FOR SERVICES, REGARDLESS OF WHETHER SUCH SERVICES ARE FURNISHED BY THE ISSUER'S OR TRUSTEE'S EMPLOYEES OR AGENTS OR INDEPENDENT CONTRACTORS. AMOUNTS PAYABLE OR REIMBURSABLE, AS THE CASE MAY BE, PURSUANT TO THIS SUBSECTION (c) SHALL INCLUDE, BUT NOT BE LIMITED TO, (i) ALL COSTS OF PRINTING ANY REPLACEMENT BONDS REQUIRED TO BE ISSUED UNDER THE INDENTURE TO THE EXTENT SUCH COSTS ARE NOT PAID BY THE HOLDERS AND (ii) THE FEES AND EXPENSES OF ANY EXPERTS RETAINED BY THE TRUSTEE AND/OR ISSUER PURSUANT TO THE TERMS OF THE INDENTURE OR ANY OF THE LOAN DOCUMENTS;

(d) Any Costs of Issuance in excess of amounts available in the Cost of Issuance Fund; and

(e) In accordance with the Tax Agreement, arbitrage rebate to the extent that the funds available under the Indenture for the payment thereof are not sufficient or available therefor.

All amounts payable pursuant to this Section 4.12 shall be paid by the Borrower to the Trustee not later than 30 days after receipt of request for payment thereof.

Section 4.13 Right To Purchase Bonds in Lieu of Redemption.

(a) If the Bonds are called for optional redemption in whole pursuant to Section 4.02 of the Indenture, or mandatory redemption in whole pursuant to Section 4.04(a) of the Indenture, or mandatory redemption in whole pursuant to Section 4.05 of the Indenture, the Borrower may elect in writing to cause the purchase of Bonds in lieu of redemption, pursuant to Section 4.08 of the Indenture. If the Borrower so elects, the Borrower shall send a notice of such election to purchase in lieu of redemption of the Bonds to the Trustee no later than 10 days prior to the date scheduled for redemption accompanied by a Favorable Opinion of Bond Counsel addressed to the Issuer and the Trustee. Upon the exercise by the Borrower to purchase the Bonds so called for redemption (the "Borrower's Purchase Option"), such Bonds shall be purchased in lieu of redemption as provided in Section 4.08 of the Indenture from moneys to be made available by the Borrower and accompanied by written instructions from the Borrower as to the source and application of such moneys. The Borrower's Purchase Option shall be exercised by:

(i) The Borrower causing the deposit with the Trustee, prior to 10:00 a.m. New York, New York time, on the Bond Payment Date set forth in the notice of redemption sent by the Trustee for redemption of the Bonds (the "Purchase Date"), an amount (the "Purchase Amount") equal to the sum of:

(A) The full Outstanding principal amount of the Purchased Bonds,

(B) Interest on such principal amount to the Purchase Date, and

(C) Redemption premium, if any

(ii) The Borrower certifying to the Trustee that the funds deposited with the Trustee pursuant to Section 4.08 of the Indenture are to be applied to the purchase of the Purchased Bonds in lieu of their redemption as provided in Section 4.08 of the Indenture; and

(iii) The Borrower has provided evidence satisfactory to the Significant Bondholder in its sole discretion that the Purchase Amount will not constitute an avoidable preference under Section 547 of the U.S. Bankruptcy Code in the event the Borrower or an affiliate thereof were to become a debtor under the U.S. Bankruptcy Code and shall not be subject to the automatic stay provisions of Section 362(a) of the U.S. Bankruptcy Code.

Prior to disbursement to pay the Purchase Amount, the Purchase Amount may be invested by the Trustee in Eligible Investments at the direction and for the benefit of the Borrower. Any Bond that is not surrendered to the Trustee for purchase on or before the Purchase Date (an "Undelivered Bond") shall be deemed to have been purchased on such date. Owners of Undelivered Bonds shall have no rights or benefits under the Indenture with respect to such Bonds other than to receive the Purchase Amount for such Bonds upon surrender of such Bonds to the Trustee. Such undelivered Bonds shall cease to accrue interest from and after the Purchase Date.

(b) The purchase of Bonds pursuant to Section 4.08 of the Indenture shall not, in and of itself, constitute a merger or extinguishment of the indebtedness of the Borrower represented by the Loan or the Bonds so purchased and such Bonds and the Loan shall for all purposes be regarded as Outstanding hereunder and under the Indenture, except that (i) during the period such Purchased Bonds are held by the Borrower, payments of principal and interest on Purchased Bonds shall be subordinate to payments of principal and interest on Bonds which are not Purchased Bonds, (ii) in determining whether the Owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Purchased Bonds shall be disregarded and deemed not to be Outstanding under the Indenture for the purpose of any such determination unless all Bonds are Purchased Bonds, and (iii) as may otherwise be expressly provided in the Indenture.

ARTICLE V THE PROJECT

Section 5.01 Payment of Project Costs. If the moneys available from the proceeds of the sale of the Bonds and investment income thereon shall not be sufficient to pay the Project Costs in full, the Borrower shall pay from the Borrower Contribution and, to the extent necessary, its own funds or funds available to it all of that portion of the Project Costs in excess of the moneys available therefor from the sale of the Bonds and investment income thereon. The

Issuer does not make any warranty, either express or implied, that the moneys from the proceeds of the Bonds will be sufficient to pay the Project Costs. The Borrower shall pay from its own funds any portion of the Project Costs pursuant to the provisions of this Section 5.01; it shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Owners of any of the Bonds, nor shall it be entitled to any diminution in or postponement of the payments required to be paid by the Borrower under this Agreement.

Section 5.02 Permits and Licenses. The Borrower covenants and agrees that in the operation of the Project it will comply with all federal, State and local statutes, laws, lawful ordinances, building codes, and regulations applicable to the Project.

Section 5.03 Payment for Extraordinary Services.

(a) The Borrower hereby covenants and agrees to pay all reasonable extraordinary costs, fees and expenses of the Financial Monitor and the Servicer incurred in connection with the Bonds.

(b) If, upon or after the occurrence of any default hereunder that remains uncured past the time provided for cure herein, the Issuer, the Trustee or the Owners (but only to the extent permitted under Article VIII of the Indenture) shall employ attorneys or incur other fees or expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will within 10 days of receiving written demand therefor pay or reimburse the Issuer, the Trustee or the Owners, as the case may be, for the reasonable fees of such attorneys and such other expenses so incurred.

Section 5.04 Damage or Destruction or Condemnation. If the Project shall be damaged or destroyed or is taken by condemnation (in whole or in part) at any time subsequent to the Project Completion Date while any of the Bonds are Outstanding, the Borrower shall, subject to the terms of the Mortgage, reconstruct the Project to its condition prior to such loss or damage, provided the net proceeds of the insurance or of the award received as a consequence of such damage or destruction or condemnation, together with any other money available for such purpose (including money contributed by Borrower), are sufficient to pay the cost of such reconstruction. Proceeds that exceed \$200,000 shall be deposited in the Insurance and Condemnation Proceeds Fund and expended as provided in Section 6.04 or 4.04, as applicable, of the Indenture. If the net proceeds of the insurance or of the award received as a consequence of such damage destruction, or condemnation, together with other available money for such purpose, are insufficient to repair and restore the Project, the Borrower shall immediately notify in writing the Financial Monitor and the Trustee.

Section 5.05 Financial Monitor. In the event the Financial Monitor is removed or has resigned, the Trustee shall appoint a successor Financial Monitor at the direction of the Significant Bondholder and in the absence of such direction, an entity experienced in affordable multifamily financial monitoring selected by the Owners of a majority in principal amount of Outstanding Bonds, provided that the Trustee shall provide the Borrower with prior written notice, and further provided, the Trustee shall not be under any obligation to take any action to appoint a Financial Monitor until it receives such direction and shall have no liability for acting

in accordance with any such direction it receives. The Issuer does not employ and is not responsible for any actions or non-actions of the Financial Monitor. The Trustee shall not be responsible for any duties, acts or omissions of the Financial Monitor. The Financial Monitor shall not resign until a successor Financial Monitor is appointed.

Section 5.06 Management of Project. The Borrower will at all times cause the Project to be managed and operated by the initial Project Manager or another independent Project Manager and it will give written notice to the Significant Bondholder and each Owner requesting the same at the address supplied to the Trustee by such Owner or its authorized representative and the Financial Monitor prior to changing the Project Manager and prior to making any material changes or modifications to any operation or management agreement between the Borrower and the Project Manager. The Borrower shall obtain the written approval of the Significant Bondholder, if any, and the Financial Monitor prior to the employment of a new Project Manager. The Significant Bondholder and the Financial Monitor shall have the right to remove the Project Manager in the event that the Project Manager is in breach of the Management Agreement which remains uncured, and the Borrower has failed to remove the Project Manager within 60 days of knowledge of such uncured breach. The Significant Bondholder and the Financial Monitor shall have the right to receive a collateral assignment and subordination of any property management contract.

Section 5.07 Draws on Project Fund. The Borrower acknowledges that the Trustee, pursuant to Section 6.02(d) of the Indenture, will not disburse moneys from the Project Fund unless the Financial Monitor and the Initial Purchaser have approved a disbursement request in a form approved by the Financial Monitor and the Initial Purchaser with all such documentation as the Financial Monitor and the Initial Purchaser may require, which approval may not be unreasonably withheld. Furthermore, retainage of ten percent (10%) shall be retained from each draw on the Project Fund for construction of the Project. Down date endorsements of the Title Insurance Policy will be obtained from the Title Company with each approved draw. No draw shall be made if there is a default (however denominated) under the Loan Documents, including without limitation, this Loan Agreement. The final construction draw, including all retainage in connection therewith, shall be made on or after thirty (30) days following the satisfaction of the following conditions to the final draw and any other conditions in other Loan Documents and the Indenture (the "Final Draw"). The Final Draw, including all retainage, will not be made until the Initial Purchaser and the Financial Monitor have received the following: (1) the Certificate of Completion, (2) evidence that all governmental requirements have been satisfied, including, but not limited to, delivery of certificates of occupancy permitting the Project to be legally occupied, (3) evidence that no mechanic's or materialman's liens or other encumbrances have been filed and remain in effect against the Property, unless same have been bonded around in a manner approved in advance by the Financial Monitor and the Significant Bondholder, (4) final lien releases or waivers by architect, general contractor, and all subcontractors, materialmen, and other parties who have supplied labor, materials or services for the construction of the Project, or who otherwise might be entitled to claim a contractual, statutory, or constitutional lien against the Property or as to any unresolved lien claims, evidence reasonably satisfactory to the Financial Monitor and the Significant Bondholder that such lien claims have been bonded around in a manner approved in advance by the Financial Monitor and the Significant Bondholder, (5) the appraisal of the Project shall be recertified or updated in a form reasonably satisfactory to the Financial Monitor and the Significant Bondholder, (6) the Title Insurance Policy shall be

endorsed and extended to acknowledge completion of construction of the Project without any encroachment and in compliance with all applicable matters of public record and governmental requirements, with no additional exception objectionable to the Financial Monitor and the Significant Bondholder, and (7) all other conditions for the Final Draw have been satisfied pursuant to the terms of such applicable Loan Documents and the Indenture.

Section 5.08 Application of Project Revenues. Subject to Section 4.03, the Borrower understands, acknowledges and agrees that the Project Revenues shall be deposited and applied as provided for herein and in the Indenture, including without limitation, Section 5.02 thereof with respect to amounts required to be deposited in the Bond Fund and the Operating Account, as applicable. For purposes of clarifying (and without limiting) the foregoing, Project Revenues shall be deposited and applied so as to achieve payments in the following order of priority:

- (i) Payment of Operating Expenses;
- (ii) Payment of Administrative Expenses;
- (iii) Payments to the Escrow Fund; and
- (iv) Payment of interest and scheduled mandatory sinking fund installments on the Bonds.

Section 5.09 Reporting Requirements. The Borrower shall keep proper books of record and account in which materially, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Borrower in accordance with accounting principles consistently applied, and will furnish to the Trustee (as to (a) and (c) only), the Issuer (upon its written request), the Financial Monitor, the Significant Bondholder and each Owner requesting the same (at the address supplied to the Trustee by such Owner or its authorized representative):

- (a) ***Annual Financial Statements and Tax Returns.*** As soon as available, and in any event within 120 days after the close of each Fiscal Year (with respect to (i) through (iii)), (i) the complete audited financial statements of the Borrower including the balance sheet as of the end of such Fiscal Year and the related statements of revenues and expenses and changes in financial position for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the preceding Fiscal Year, all in reasonable detail, certified by an independent certified public accountant as having been prepared in accordance with accounting principles, consistently applied; (ii) a separate written report stating on a quarterly basis throughout the period reported in such financial statements the Debt Service Coverage Ratio as of each Debt Service Coverage Determination Date for the preceding 12-month period ending within 30 days of such Debt Service Coverage Determination Date; (iii) a statement by the accountants certifying the financial statements that such accountant has no knowledge insofar as it relates to accounting matters, except as specifically stated, of any Event of Default; and (iv) the Borrower's federal tax returns for the Fiscal Year within 30 days of filing of the federal tax returns. The annual financial statements shall be prepared in accordance with

accounting principles applied on a basis consistent with prior years (except as otherwise specified in such report).

(b) **Monthly Operating Statements.** Commencing upon Project lease-up, the Borrower will furnish monthly operating statements within 20 days following the end of the prior month along with a copy of a certified rent roll.

(c) **Certificate of Compliance.** Simultaneously with the delivery of each set of financial statements referred to in (a) above, a certificate of the Borrower signed by the Authorized Representative stating that (i) the Borrower has made a review of its activities during the preceding annual or quarterly period, as the case may be, for the purpose of determining whether or not the Borrower has complied with all of the terms, provisions and conditions of the Bond Documents and (ii) to the best knowledge of the Authorized Representative, the Borrower is not in default in the performance or observance of any of the terms, covenants, provisions or conditions of any of the Bond Documents, or if the Borrower shall be in default, such certificate shall specify each such default, the nature and status thereof and any remedial steps taken or proposed to correct each such default.

(d) **Other Information.** Such other information respecting the business, properties or the condition or operations, financial or otherwise, of the Borrower as the Financial Monitor, the Issuer or any Owner of more than 5% of Bonds Outstanding may from time to time reasonably request, which shall be provided within ten (10) days after such request is made.

(e) **Litigation.** Annually, written notice of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, against the Borrower or the Project.

Notwithstanding the foregoing provisions of this Section 5.09, the Borrower shall comply with the reporting requirements set forth in the Regulatory Agreement and Section 2.07.

Section 5.10 Notice of Noncompliance. The Borrower shall provide to the Significant Bondholder, the Servicer and the Financial Monitor promptly upon (i) receipt thereof, copies of any Internal Revenue Service Form 8823 – Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition or any forms successor thereto or in replacement thereof (each a “Noncompliance Notice”), and (ii) giving or receiving, whether directly or by or through any of Borrower’s partners, representatives, agents or advisors, copies of all correspondence relating to any Noncompliance Notice.

Section 5.11 Failure To Meet Debt Service Coverage. Upon receipt of the annual financial statements provided by the Borrower pursuant to Section 5.09, commencing upon receipt of the first such annual financial statements after the Stabilization Date, the Financial Monitor shall verify the Debt Service Coverage Ratio at each Debt Service Coverage Determination Date for the corresponding 12-month period.

(a) If the Debt Service Coverage Ratio is less than 1.15:1.00, the Significant Bondholder, if any, or in the absence of a Significant Bondholder, a majority by principal amount of Bonds Outstanding of the Owners, may direct the Borrower to

engage a Housing Consultant at the Borrower's expense and acceptable to the Significant Bondholder or such majority Owners, as applicable. The Borrower will retain a Housing Consultant within 30 days of delivery of any such direction. Any Housing Consultant engaged pursuant to this Section shall be required, as a condition to its employment, to deliver to the Significant Bondholder, a report of its findings with respect to the management and operation of the Project and recommendations with respect to the operations of the Project and the sufficiency of the rates (acknowledging those restrictions set forth in the Regulatory Agreement), fees and charges imposed by the Borrower, within 60 days of employment as Housing Consultant. Payment of the Housing Consultant will be deemed an Operating Expense, unless otherwise agreed to in writing by the Significant Bondholder, if any, and the Financial Monitor. The Housing Consultant's report will (i) include a projection of the Project Revenues, Operating Expenses and cash flow on a quarterly basis for not less than the next two calendar years, and (ii) make such recommendations to the Borrower as the Housing Consultant reasonably believes are appropriate to enable the Borrower to increase the Debt Service Coverage Ratio to an amount in excess of 1.15:1.00 for the current calendar year. The Borrower agrees to respond to such recommendations within 30 days of receipt of such report and, to the extent lawful, to follow the recommendations of the Housing Consultant. Retention of a Housing Consultant in the years covered by the Housing Consultant's report will not be required, provided that an Authorized Representative delivers a certificate to the Trustee and the Significant Bondholder, if any, and each Owner requesting the same at the address supplied to the Trustee by such Owner or its authorized representative and the Financial Monitor, within 45 days after the end of each quarter, setting forth the actual results for such quarter (which may be based on unaudited financial statements) and such results show that the Borrower is meeting a Debt Service Coverage Ratio of at least 1.15:1.00.

(b) If, based upon such verification, the Debt Service Coverage Ratio is less than 1.05:1.00, unless waived in writing by the Significant Bondholder, if any, and the Financial Monitor, the Borrower shall immediately begin to remit to the Trustee upon receipt all Project Revenues, less current Operating Expenses, which cumulatively equal or exceed \$1,000 in accordance with Section 4.03. The Borrower may return to the schedule of payments set forth in Section 4.02 when the Debt Service Coverage Ratio for a 12-month period (using unaudited quarterly results for such purpose) exceeds 1.05:1.00.

(c) If the Borrower has not provided the annual financial statements for the Fiscal Year within 30 days of each Debt Service Coverage Determination Date, and such failure to deliver the financial statements continues after 30 days' written notice to the Borrower, then the provisions of Section 4.03 shall apply. Upon the delivery of such quarterly financial statements the provisions of Section 4.03 shall cease to apply.

Section 5.12 [Reserved].

Section 5.13 Taxes, Assessments and Other Charges. The Borrower shall pay or cause to be paid all taxes, assessments and charges of any kind whatsoever that may at any time be

lawfully assessed or levied against or with respect to the Project (including ad valorem, sales and excise taxes, assessments and charges upon the Borrower's interest in the Project), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project. Notwithstanding the provisions of this Section 5.13, if no Event of Default exists, subject to the prior written approval of the Servicer and the Significant Bondholder, if any, which approval shall not be unreasonably withheld, the Borrower at its own expense may contest in good faith any such tax, assessment or charge, provided that, during the period of such contest or appeal therefrom, the failure to have paid such tax, assessment or charge does not adversely affect the lien of the Mortgage, adversely affect the excludability of interest on the Bonds for federal income tax purposes, cause any event of default under the Indenture or any of the Loan Documents, endanger such lien on the Project or any portion thereof or subject the Project to loss or forfeiture, in which event the Borrower shall promptly take such action with respect thereto as shall be necessary and satisfactory to the Significant Bondholder, if any.

Section 5.14 Project Insurance.

(a) The Borrower covenants that it will carry and maintain or cause to be carried and maintained, and pay, or cause to be paid, the premiums for at least the following insurance with respect to the Project and such other insurance as the Significant Bondholder and the Financial Monitor may reasonably request covering risks as are customarily insured against in connection with the operation of facilities comparable in size and scope of services to the Project at the time plus law and ordinance insurance in an amount of at least \$250,000 (or property insurance covering increased cost due to law and ordinance):

(i) Insurance against loss or damage from fire, lightning, windstorm, hurricane, hail, explosion (but not including "Act of War"), riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism and malicious mischief insurance in an amount not less than the full replacement cost of the Project;

(ii) Insurance coverage of boilers, pressure vessels, auxiliary piping and selected machinery objects (pumps and compressors), in an amount not less than the replacement value of such property;

(iii) Commercial general liability insurance, in the minimum amounts of \$1,000,000 for each occurrence with a general aggregate limit of \$2,000,000;

(iv) Comprehensive automobile liability insurance in the minimum amount of \$1,000,000 for each accident for bodily injury and property damage combined if the Borrower shall own or operate any automobiles or other vehicles;

(v) Workers' compensation coverage and any other similar type of insurance required by the laws of the State;

(vi) Fidelity bonds in a minimum amount of \$100,000 (or crime and employee dishonesty coverage in the amount of \$100,000) on the Project Manager and all officers and employees of the Borrower and the Project Manager who have access to or custody of revenues, receipts or income from the Project or any funds of the Borrower;

(vii) Business income including extra expense insurance, covering loss of revenues by reason of the total or partial suspension of, or interruption in, the operation of the Project caused by the damage to or destruction of any part of the Project, with such exceptions as are customarily imposed by insurers covering a period of suspension or interruption and in such amount as will provide revenues equal to the Maximum Annual Debt Service for the Bonds together with the amount required to pay necessary Operating Expenses for the ensuing 12 months;

(viii) Commercial umbrella liability insurance with minimum annual limits of \$10,000,000;

(ix) Flood insurance, for the applicable portion of the Project if the Borrower shall not have provided a certification that each portion of the Project is not located in a 100-year flood plain. Such insurance shall at a minimum comply with Federal Emergency Management Agency coverage requirements and provide coverage in an amount equal to the lesser of the outstanding Loan amount or the maximum coverage available under the National Flood Insurance Program ("NFIP"). Although none of the Project may not now be included in a special flood hazard area or the governing municipality may not participate in the NFIP, Borrower acknowledges and agrees that it will provide such insurance within 45 days following notice from the Servicer that any portion of the Project has been included in a special flood hazard area or the governing municipality does then participate in the NFIP. If Borrower fails to provide such insurance within said 45-day period, then the Servicer may obtain flood insurance and the Borrower acknowledges that such insurance will be much more expensive than that obtainable by the Borrower and may not provide certain protections for the Borrower, such as contents or liability coverages; and

(x) Builders' risk insurance in an amount equal to 100% of the completed cost of the improvements for the Project, providing all risk coverage on the improvements and materials stored on the Property and elsewhere, and including the perils of collapse and/or damage resulting from error in design or faulty workmanship or materials, water damage, and shall provide, at a minimum, a ten (10) year warranty for defects in the construction of the improvements for the Project, and windstorm and hail insurance, in such amounts as reasonably required by the Trustee and the Significant Bondholder (but only so long as the Initial Purchaser is the Significant Bondholder), all such policies showing the Trustee and the Significant Bondholder (but only so long as the Initial Purchaser is the Significant Bondholder) as an additional insured. The Trustee will be not responsible for ensuring that any policy is purchased, renewed or valid and in force and effect at any time; provided, however, the Trustee shall obtain, if

directed by the Significant Bondholder, any policy that the Borrower fails to purchase, renew or maintain herein at the sole cost and expense of the Borrower.

(b) All insurance policies (other than flood insurance) issued or renewed after the initial issuance and delivery of the Bonds shall be taken out and maintained with companies that have a financial strength rating of "A-" or higher from A.M. Best. If the financial strength rating of any insurance provider falls below "A-," the Borrower shall promptly obtain a replacement policy with a provider meeting the rating requirements herein contained. All policies of insurance required by the terms of this Agreement shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of the Borrower, which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against the Borrower. All such policies (other than workers' compensation) shall name the Issuer, the Trustee and the Significant Bondholder (initially the Initial Purchaser and from and after the later of (i) the Stabilization Date or (ii) the date that the Permanent Term Purchaser purchases all of the Bonds from the Initial Purchaser, the Permanent Term Purchaser or its assignee, transferee, or designee, as applicable) as additional insureds, as their respective interests may appear, and shall have attached thereto a lender's loss payable endorsement for the benefit of the Trustee, which endorsement indicates that all insurance proceeds are payable directly to the Trustee.

(c) The Borrower shall furnish the Trustee, the Initial Purchaser (but only so long as the Initial Purchaser is the Significant Bondholder), the Financial Monitor and the Servicer with certifications of all policies of required insurance. The Borrower shall file with the Trustee annually on or about the anniversary date of such policy or policies, a certificate of the Borrower to the effect that all insurance coverages required to be maintained hereunder are in effect and of full force and effect. The Trustee shall be entitled to rely upon said Borrower certificate as to the Borrower's compliance with the insurance requirements without further inquiry. The Trustee makes no representation as to and shall have no responsibility for the sufficiency or adequacy of the insurance or the issuing insurer. All policies shall require at least 30 days' prior written notification to the Borrower and the Trustee of modification, cancellation or termination in coverage. Within 30 days prior to the expiration or cancellation of any policy, the Borrower will furnish or cause to be furnished to the Financial Monitor and the Servicer and the Initial Purchaser (but only so long as the Initial Purchaser is the Significant Bondholder) satisfactory evidence of the continuance or replacement of such coverage under the requirements of this Agreement. The Borrower shall immediately give written notice to the Trustee, the Initial Purchaser (but only so long as the Initial Purchaser is the Significant Bondholder), the Servicer and the Financial Monitor of any notice received by the Borrower of any expiration, cancellation or modification of, or material reduction of coverage under, any such policy.

(d) The Borrower may take out separate insurance concurrent in form or contributing in the event of loss with that required in this Section; provided that the Borrower shall immediately notify the Trustee, the Servicer, the Financial Monitor and the Initial Purchaser (but only so long as the Initial Purchaser is the Significant

Bondholder) whenever any such separate insurance is taken out. No such separate or additional policies of insurance shall reduce the insurance coverage required hereunder to be maintained.

(e) In the event the Borrower fails to take out or maintain the full insurance coverage required under this Section, the Trustee, after first notifying the Borrower, may (but shall not be obligated to) take out the required policies of insurance and pay the premiums on the same and the costs thereof so advanced shall be paid promptly by the Borrower from any available moneys upon the Trustee's presentation to the Borrower of statements or invoices evidencing same, together with interest thereon to the date of payment as provided herein.

(f) The risk of loss or of decrease in the enjoyment and beneficial use of the Project in consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, civil strife, war, nuclear explosion, or otherwise, or in consequence of foreclosures, attachments, levies or executions, is expressly assumed by the Borrower, and the Borrower agrees that the Issuer and the Trustee shall in no event be answerable, accountable or liable therefor, nor shall any of the foregoing events entitle the Borrower to any abatement or diminution of its obligations hereunder.

(g) The Borrower agrees to furnish to the Trustee, Financial Monitor, the Initial Purchaser, (but only so long as the Initial Purchaser is the Significant Bondholder), and the Servicer, on January 1 of each year commencing January 1, 2017, reports on each existing insurance policy showing such information as the Trustee, the Financial Monitor, the Initial Purchaser (but only so long as the Initial Purchaser is the Significant Bondholder) or the Servicer may reasonably request, including, without limitation, the following: (i) the name of the insurer, (ii) the risks insured, (iii) the amount of the policy, (iv) the properties insured, (v) then current property values on the basis of which insurance has been obtained, and the manner of determining those values, (vi) the expiration date of the policy, and (vii) a certification that all insurance policies are in effect and the Borrower is in compliance with this Section 5.14.

Section 5.15 Successor Servicer. In the event the Servicer is removed or has resigned, the Trustee shall appoint a successor Servicer at the direction of the Significant Bondholder and with the Borrower's prior written consent, provided that such consent shall not be required during an Event of Default and in the absence of such direction, an entity selected by the Owners of a majority in principal amount of Outstanding Bonds. The Trustee shall not be responsible for any duties of the Servicer for any period between resignation or removal of the prior Servicer and appointment of a successor Servicer. The Servicer shall not resign until a successor Servicer is appointed.

Section 5.16 Project Condition Report; Alterations to Project.

(a) Beginning ten (10) years after the Stabilization Date, and continuing every five (5) year anniversary thereafter, the Borrower covenants and agrees to provide a Project Condition Report to the Financial Monitor, the Servicer, the Issuer and the Significant Bondholder and each Owner requesting the same at the address supplied to

the Trustee by such Owner or its authorized representative. The Servicer shall review the Project Condition Report, and, based on the Project Condition Report, shall determine the adequacy of the then current Replacement Reserve Requirement and specify an increase or decrease as necessary in the Replacement Reserve Requirement to commence on the fifteenth of the month next following such Project Condition Report, provided that in no case shall the Replacement Reserve Requirement be less than \$300 per year, per unit, and further provided that the Replacement Reserve Requirement shall, at a minimum, be subject to annual increase in an amount equal to the annual percentage increase in the Consumer Price Index ("CPI") as determined by the Financial Monitor. If the CPI is negative for any calendar year, the Replacement Reserve Requirement shall not be subject to adjustment based upon the change in CPI. The Servicer shall send written notice after each Project Condition Report to the Significant Bondholder and each Owner requesting the same at the address supplied to the Trustee by such Owner or its authorized representative, setting forth the Servicer's determination as to the adequacy of the then current Replacement Reserve Requirement. Unless the Significant Bondholder, if any, objects to the determination of the Replacement Reserve Requirement within 10 Business Days of receipt of such notice, the Servicer shall notify the Trustee of the Replacement Reserve Requirement. In the event that the Significant Bondholder, if any, objects to such determination, it shall provide to the Servicer in writing, within 10 Business Days of receipt of the Servicer's notice, its objection and its determination of the Replacement Reserve Requirement (subject to the above limitations) based on such Project Condition Report and the Servicer shall immediately notify the Trustee of the revised Replacement Reserve Requirement in accordance with the Significant Bondholder's determination.

(b) The Borrower shall be entitled to withdraw or to direct the application of funds held by the Trustee in the Replacement Reserve Fund under the Indenture to pay for or reimburse the Borrower for (i) costs of capital improvements and replacements for the Project, and (ii) for costs of capital improvements, replacements and maintenance for the Project, as recommended in the Project Condition Report, provided that, Borrower shall submit a requisition therefor to the Trustee, with the approval of the Servicer, accompanied by invoices, bills or purchase orders relating thereto.

(c) If the Borrower fails to maintain the Project, or make repairs in accordance with the Project Condition Report, the Servicer shall be entitled but not obligated to withdraw or direct the application of funds held by the Trustee in the Replacement Reserve Fund.

ARTICLE VI INDEMNIFICATION

Section 6.01 Indemnification of the Issuer.

(a) THE BORROWER SHALL DEFEND, PROTECT, INDEMNIFY, AND HOLD HARMLESS THE ISSUER AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS AGAINST AND FROM ANY AND ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES), TAXES,

CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM, BY OR ON BEHALF OF ANY PERSON, ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) ANY USE, NONUSE, POSSESSION, OCCUPATION, CONDITION, OPERATION, SERVICE, DESIGN, CONSTRUCTION, ACQUISITION, MAINTENANCE OR MANAGEMENT OF, OR ON, OR IN CONNECTION WITH, THE PROPERTY, OR ANY PART THEREOF, OR (II) ANY ACCIDENT, INJURY (INCLUDING DEATH) OR DAMAGE TO ANY PERSON OR PROPERTY, HOWEVER CAUSED, RESULTING FROM, CONNECTED WITH OR GROWING OUT OF ANY ACT OF COMMISSION OR OMISSION OF THE BORROWER, OR ANY AGENTS, ASSIGNEES, CONTRACTORS OR SUBCONTRACTORS OF THE BORROWER, OR (III) ANY BREACH OR DEFAULT ON THE PART OF THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS LOAN AGREEMENT OR ANY OF THE DOCUMENTS (INCLUDING THE FAILURE TO COMPLY WITH ANY APPLICABLE GOVERNMENTAL REQUIREMENTS RELATED TO ENVIRONMENTAL MATTERS), OR (IV) THE PROJECT OR ANY PART THEREOF, OR (V) ANY VIOLATION OF CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE PROJECT, OR (VI) ANY LIABILITY, VIOLATION OF LAW, ORDINANCE OR REGULATION AFFECTING THE PROJECT OR ANY PART THEREOF OR THE OWNERSHIP OR OCCUPANCY OR USE THEREOF, OR (VII) ANY ACT OR NEGLIGENCE OF THE BORROWER OR OF ANY OF ITS AGENTS OR LICENSEES, OR (VIII) ANY ACT OR NEGLIGENCE OF ANY ASSIGNEE OR LESSEE OF THE BORROWER, OR (IX) THE FINANCING OF THE PROJECT AND THE ISSUANCE AND SALE OF THE BONDS. THE COVENANTS OF THE BORROWER SET FORTH IN THIS SECTION SHALL EACH SURVIVE THE TERMINATION DATE, AND SHALL APPLY REGARDLESS OF WHETHER SUCH CLAIMS ARE AGAINST OR ARE SUFFERED OR SUSTAINED BY THE ISSUER OR ANY OF ITS AGENTS OR ARE AGAINST ANY PERSON TO WHOM THE ISSUER OR ANY OF ITS AGENTS MAY BECOME LIABLE THEREFOR. THE ISSUER SHALL NOT BE LIABLE FOR ANY INJURY OR DAMAGE OCCURRING DURING THE LOAN TERM TO ANY PERSON, OR TO ANY PROPERTY OF THE BORROWER OR ANY OF ITS AGENTS OR ANY OTHER PERSON, WHO OR WHICH MAY BE UPON THE PROPERTY, AND THE BORROWER HEREBY RELEASES THE ISSUER FROM, AND AGREES THAT IT SHALL NOT BE LIABLE FOR, AND THE BORROWER SHALL HOLD IT HARMLESS FROM, ANY SUCH LIABILITY. UPON NOTICE FROM THE ISSUER OR ANY OF ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, THE BORROWER SHALL DEFEND THE ISSUER OR ANY OF ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES IN ANY ACTION OR PROCEEDING BROUGHT; PROVIDED, HOWEVER, THAT THE ISSUER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THIS SECTION AT THE EXPENSE OF THE BORROWER

(b) THE PARTIES INTEND THAT NEITHER THE ISSUER NOR ITS GOVERNING BOARD, NOR ANY OF ITS DIRECTORS, OFFICERS, AGENTS OR

EMPLOYEES SHALL INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS LOAN AGREEMENT OR BY REASON OF ANY OF THE DOCUMENTS, OR THE UNDERTAKINGS REQUIRED OF THE ISSUER AND ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HEREUNDER IN CONNECTION WITH THE ISSUANCE OF THE BONDS OR THE EXECUTION AND DELIVERY OF ANY OF THE DOCUMENTS, OR THE PERFORMANCE OF ANY ACT REQUIRED OF THE ISSUER OR ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES BY ANY OF THE DOCUMENTS, OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE ISSUER AND ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS LOAN AGREEMENT, THE REGULATORY AGREEMENT AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION INCLUDING ALL CLAIMS, LIABILITIES OR LOSSES ARISING IN CONNECTION WITH THE VIOLATION OF ANY STATUTES OR REGULATIONS PERTAINING TO THE FOREGOING. NOTWITHSTANDING THE FOREGOING, IF THE ISSUER, ITS GOVERNING BOARD MEMBERS, OR ANY OF ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS SHOULD INCUR ANY SUCH PECUNIARY LIABILITY, THE BORROWER SHALL INDEMNIFY AND HOLD THE ISSUER AND ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, FIRM OR CORPORATION OR OTHER LEGAL ENTITY ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND, UPON NOTICE FROM THE ISSUER, THE BORROWER SHALL DEFEND THE ISSUER AND ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COMPETENT COUNSEL SATISFACTORY TO THE ISSUER AND THE BORROWER SHALL PAY THE ISSUER EXPENSES INCLUDING PAYMENT OF THE COUNSEL USED BY THE ISSUER; PROVIDED, HOWEVER, THAT THE ISSUER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION AT THE EXPENSE OF THE BORROWER.

(c) NOTWITHSTANDING ANY PROVISION OF THIS LOAN AGREEMENT TO THE CONTRARY, THE ISSUER SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM THE ISSUER'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM THE ISSUER'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

(d) THIS INDEMNIFICATION COVENANT SHALL SURVIVE PAYMENT OR DEFEASANCE OF THE LOAN AND THE BONDS.

Section 6.02. Indemnification of Trustee, Bondholders, Servicer and Financial Monitor. THE BORROWER AGREES TO INDEMNIFY AND HOLD THE TRUSTEE, ITS

BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES, THE BONDHOLDERS, THE SERVICER AND THE FINANCIAL MONITOR AND EACH OF THE OFFICERS, DIRECTORS, MEMBERS, PARTNERS, EMPLOYEES AND AGENTS, PAST, PRESENT AND FUTURE OF EACH OF THE FOREGOING TOGETHER, IN EACH INSTANCE, WITH ALL PARENTS AND SUBSIDIARIES THEREOF (AND THEIR RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, PARTNERS, EMPLOYEES AND AGENTS, PAST, PRESENT AND FUTURE), HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, COSTS, DAMAGES, EXPENSES AND LIABILITIES OF WHATSOEVER NATURE OR KIND (INCLUDING, BUT NOT LIMITED TO, ANY DOCUMENTARY STAMP TAXES OR INTANGIBLE TAXES DUE AND PAYABLE IN CONNECTION WITH THE LOAN, REASONABLE ATTORNEYS' FEES (INCLUDING ANY AND ALL OF THOSE INCURRED PRIOR TO LITIGATION AND AT ALL TRIBUNAL LEVELS), LITIGATION AND COURT COSTS, AMOUNTS PAID IN SETTLEMENT BY OR WITH THE APPROVAL OF THE BORROWER AND AMOUNTS PAID TO DISCHARGE JUDGMENTS) PAID TO THIRD PARTIES DIRECTLY OR INDIRECTLY RESULTING FROM, ARISING OUT OF, OR RELATED TO (a) THE ISSUANCE, OFFERING, SALE OR DELIVERY OF THE BONDS; (b) THE ENFORCEMENT OF PROVISIONS OF THIS AGREEMENT, THE NOTE, THE INDENTURE, THE GROUND LEASE, THE MORTGAGE, OR THE REGULATORY AGREEMENT (OTHER THAN FAILURE TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE LOAN AND THE NOTE); (c) ANY WRITTEN STATEMENTS OR REPRESENTATIONS MADE OR GIVEN BY THE BORROWER OR BY ANY MEMBER, DIRECTOR, OFFICER, EMPLOYEE, ATTORNEY OR AGENT OF THE BORROWER OR PERSON UNDER DIRECT CONTRACT TO THE BORROWER OR ACTING ON THE BORROWER'S BEHALF TO THE ISSUER RELATING TO STATEMENTS OR REPRESENTATIONS OR FINANCIAL INFORMATION; (d) THE DESIGN, CONSTRUCTION, INSTALLATION, OPERATION, USE, OCCUPANCY, MAINTENANCE OR OWNERSHIP OF THE PROJECT; OR (e) THE ADMINISTRATION OF THE TRUSTS CREATED BY THE INDENTURE; PROVIDED, HOWEVER, THAT NEITHER THE TRUSTEE, THE BONDHOLDERS, THE SERVICER NOR THE FINANCIAL MONITOR SHALL BE INDEMNIFIED HEREUNDER (i) FOR ANY CLAIMS OR DAMAGES ARISING FROM ITS OWN GROSSLY NEGLIGENT ACTS OR OMISSIONS, BAD FAITH, FRAUD OR WILLFUL MISCONDUCT BY THE TRUSTEE, THE SIGNIFICANT BONDHOLDER, THE SERVICER OR THE FINANCIAL MONITOR, AS THE CASE MAY BE, OR (ii) FOR CLAIMS OR DAMAGES (A) ARISING FROM ANY ACTION OR FAILURE TO ACT THAT OCCURRED AFTER THE ORIGINAL BORROWER NO LONGER HAD GROUND LEASEHOLD TITLE TO AND/OR AN INTEREST IN OR POSSESSION OR CONTROL OF THE PROJECT UNLESS THE LEGAL OR PROXIMATE CAUSE OF SUCH CLAIMS OR DAMAGES EXISTED OR OCCURRED DURING THE PERIOD THE ORIGINAL BORROWER HAD GROUND LEASEHOLD TITLE TO AND/OR AN INTEREST IN OR PROFESSION OR CONTROL OF THE PROJECT OR (B) CAUSED BY SUCH INDEMNIFIED PARTY OR OCCURRING WHILE SUCH INDEMNIFIED PARTY WAS IN CONTROL OF THE PROJECT. This indemnification covenant shall survive repayment of the Loan and the Bonds.

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

Section 7.01 Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) The failure of the Borrower to fully make (i) any payment of principal, interest or premium on the Loan when due under the Note or this Agreement, or (ii) any payment of any amount or charge under Section 4.02 (not otherwise specified in the foregoing clause (i)) when due whether scheduled on account of a redemption, a mandatory purchase, or otherwise;

(b) Any material breach by the Borrower of any representation or warranty made in this Agreement or any of the other Loan Documents or any requisition for disbursements of the Loan, or any failure by the Borrower to observe and perform any material covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in any other subsections of this Section 7.01, and the continuation of such breach or failure for a period of 30 days after written notice specifying such breach or failure and requesting that it be remedied, given to the Borrower by the Trustee; provided, however, that in the event such breach or failure be such that it can be corrected but not within said 30-day period, the same shall not constitute an Event of Default hereunder if corrective action is instituted by the Borrower or on behalf of the Borrower within said 30-day period and is being continuously and diligently pursued, and such breach or failure is corrected or cured within 90 days after such written notice specifying such breach or failure and requesting that it be remedied;

(c) Refusal to permit the Issuer, its representatives, the Trustee, the Significant Bondholder, the Servicer, the Financial Monitor, or any construction consultant to enter upon the premises at all reasonable times (but subject to the rights of tenants), and after notice, to inspect the Project, the construction thereof and all materials, fixtures and articles used or to be used and to examine all detailed plans, shop drawings and specifications which relate to the Project, and/or failure to furnish to the Issuer, its representatives or any construction consultant copies of such plans, drawings and specifications within a reasonable period of time after request;

(d) The failure of the Borrower to fully make any payment of any amount or charge (other than those amounts or charges specified in Section 7.01(a)) when due under the Note, this Agreement, the Ground Lease, the Mortgage, the Tax Agreement, the Indenture or any other Bond Document within 10 days after written demand therefor;

(e) Execution by the Borrower of any security instrument other than the Mortgage or Project leases (other than the Ground Lease) covering any materials, fixtures, furnishings or equipment intended to be incorporated or placed in the Project, or the filing of a financing statement or publishing notice of any such security instrument, or failure to purchase any of such materials, fixtures, furnishings or equipment so that the

ownership thereof will vest unconditionally in the Borrower free from encumbrances on delivery at the premises, except for the Permitted Encumbrances;

(f) Failure by the Borrower to disclose to the Issuer, its representatives, the Financial Monitor, the Servicer, the Significant Bondholder, if any, or any construction consultant, within 10 Business Days after request by the Issuer, the names of all persons with whom the Borrower has contracted for the furnishing of labor or materials for the Project;

(g) Refusal or inability of the Borrower to diligently undertake to satisfy any condition to the receipt of proceeds of the Bonds pursuant to the Indenture for a period in excess of 30 days after notice that the condition has not been satisfied;

(h) Failure to satisfy or bond a lien for the performance of work or the supply of materials, including without limitation, a mechanic's and materialman's lien, filed against a Project for a period of 30 days after the receipt by the Borrower of notice that such lien has been filed in a manner satisfactory to the Financial Monitor, the Servicer and the Significant Bondholder, if any;

(i) The appointment of a receiver, trustee, conservator or liquidator of the Borrower, or the Project or any other property of the Borrower, and the same is not vacated or dismissed within 30 days of such appointment;

(j) A filing by the Borrower or partner thereof of a voluntary petition in bankruptcy, seeking reorganization or rearrangement or taking advantage of any debtor relief laws, or a petition filed against the Borrower or partner thereof, as the case may be, in any bankruptcy, reorganization, insolvency, conservatorship or similar proceeding, or an admission in writing by the Borrower of any inability to pay its debts as they become due; or the making by the Borrower or partner thereof of a general assignment for the benefit of creditors; or the entry of an order, judgment or decree by any court of competent jurisdiction adjudicating the Borrower or partner thereof as bankrupt or insolvent, or approving a petition seeking reorganization of the Borrower or partner thereof or an arrangement of its debts, and the same is not vacated or dismissed within 90 days thereafter or, in the instance of any admission by the Borrower of its inability to pay its debts, such admission is not unconditionally and irrevocably withdrawn within 15 days;

(k) The liquidation, termination or dissolution of the Borrower (excluding failures to make ministerial filings which are cured within 30 days after receipt of notice thereof);

(l) Any substantial damage to or destruction of the Project if the applicable insurance proceeds, plus any sums deposited by the Borrower with the Trustee shall not, in the opinion of the Significant Bondholder and the Servicer, be sufficient to repair and restore the Project, or if the insurance proceeds shall not be paid within a reasonable time as a result of the Borrower's failure to pursue such insurance claim, and the Borrower

fails or refuses to deliver funds to the Trustee in an amount equal to such excess improvement or rehabilitation costs as provided herein;

(m) Any "event of default" (however denominated) shall have occurred under the Indenture, the Regulatory Agreement, the Tax Agreement, the Note, the Ground Lease, the Mortgage, the Guaranty or any other Loan Documents or Bond Documents (or any of them) or any of the Subordinate Loan Documents, or non-compliance with the Tax Agreement and shall continue beyond any applicable curative period provided in such instrument or agreement;

(n) Judgment for the payment of money in excess of \$100,000 (which is not covered by insurance) is rendered by any court or other governmental body against the Borrower, and the Borrower does not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within 60 days from the date of entry thereof, and within said 60-day period or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal while providing such reserves therefor as may be required under generally accepted accounting principles;

(o) The Borrower shall fail to deposit, or fail to cause to be deposited, moneys into the Borrower Contribution Account of the Project Fund held under the Indenture in the amounts and at the times the capital contributions are to be received pursuant to the Limited Partnership Agreement;

(p) The Borrower shall (i) fail to keep the construction budget for the Project in balance or (ii) make any change to such construction budget previously approved by the Initial Purchaser unless such change is approved in advance in writing by the Initial Purchaser;

(q) A failure to complete the Project by the Project Completion Date;

(r) A failure to achieve the Stabilization Date on or prior to the date specified in the Indenture;

(s) A Determination of Taxability shall have occurred; and

(t) Title to the Property becomes vested in a Person other than the Fee Owner or the Borrower fails to have an exclusive ground leasehold estate in the Property.

Section 7.02 Remedies on Default.

(a) Whenever any Event of Default referred to in Section 7.01 shall have occurred and be continuing, the Trustee, as assignee of the Issuer, may, and, at the direction of the Significant Bondholder, shall:

(i) By notice in writing to the Borrower declare the unpaid indebtedness on the Loan and under this Agreement and the Note to be due and

payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable; and

(ii) Take whatever action at law or in equity or under any of the Loan Documents and/or any Bond Document as may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due hereunder or thereunder or under the Note, or to exercise any right or remedy or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the Note or any other Loan Document and/or any Bond Document.

(b) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower, the Trustee (irrespective of whether the principal and interest of the Loan shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Borrower for the payment of overdue principal or interest) shall be entitled and empowered, and shall, at the written direction of the Significant Bondholder, if any, by intervention of such proceeding or otherwise,

(i) To file and prove a claim for the whole amount of principal and interest owing and unpaid on the Loan and all other amounts owed by the Borrower in accordance with this Agreement and the other Loan Documents and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Owners allowed in such judicial proceeding; and

(ii) To collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same.

Any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Owner to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Owners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

(c) Any amounts collected pursuant to action taken under this Section 7.02 shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Issuer or the Trustee on behalf of the Issuer and their respective counsel, be paid into the Redemption Fund (unless otherwise provided in this Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.02 shall relieve the Borrower from the Borrower's obligations pursuant to Sections 4.01, 4.02, 4.13, 5.03, 6.01 and 6.02.

Section 7.03 Entry Upon Premises. After the occurrence and during the continuation of any Event of Default which in the Significant Bondholder's, the Financial Monitor's, or the Servicer's judgment may interfere with completion of any improvement or rehabilitation of the

Project, the Servicer or any rehabilitation consultant or other independent contractor of the Significant Bondholder's, Financial Monitor's, and the Servicer's selection shall have the right and is hereby given a license, in addition to and without limiting any other rights or remedies afforded by the Note, the Ground Lease, the Mortgage or the other provisions hereof, or other documents executed in connection with the Loan to enter the premises and perform any and all work and labor necessary to complete any improvement or rehabilitation of the Project, subject to the rights of tenants. All sums advanced hereunder and any other amounts expended by the Significant Bondholder, the Financial Monitor, and the Servicer (none of which parties shall be under or have any obligation whatsoever to advance or expend any amounts whether available hereunder or otherwise) to complete any improvement or rehabilitation of the Project shall be deemed to have been advanced to the Borrower and shall be secured by the Mortgage, as applicable.

Section 7.04 Power of Attorney. For purposes of Section 7.03 only, effective upon an uncured Event of Default by the Borrower, the Borrower hereby constitutes and appoints each of the Servicer, the Significant Bondholder and the Financial Monitor its true and lawful attorney-in-fact with full power of substitution to complete any improvement or rehabilitation of the Project in the name of Borrower, and hereby empowers said attorney-in-fact to do any or all of the following:

- (a) To use any completion deposit furnished by the Borrower which shall consist of a deposit in escrow with the Trustee of cash, certificates of deposit, letters of credit or marketable securities by the Borrower in an amount to pay the costs of completion of any improvement or rehabilitation of the Project, any Project proceeds, and any other funds of the Borrower in the possession of the Trustee, including any funds which may remain unadvanced hereunder for the purpose of completing any improvement or rehabilitation of the Project;
- (b) To make such additions, changes and corrections in the plans and specifications as shall be necessary or desirable to complete any improvement or rehabilitation of the Project in substantially the manner contemplated by the plans and specifications made available on or before the Closing Date by the Borrower;
- (c) To employ any contractors, subcontractors, agents, architects and inspectors required for said purposes;
- (d) To employ attorneys to defend against attempts to interfere with the exercise of the powers granted hereby;
- (e) To pay, settle or compromise all existing bills and claims which are or may be liens against the Project as may be necessary or desirable for the completion of any improvement or rehabilitation of the Project or the clearance of title;

(f) To execute all applications and certificates in the name of Borrower which may be required by any improvement or rehabilitation contract; and/or

(g) To prosecute and defend all actions or proceedings in connection with any improvement or rehabilitation of the Project and to take such action, require such performance and do any and every other act as is deemed reasonably necessary with respect to the completion of any improvement or rehabilitation of the Project which Borrower might do on its own behalf.

The power of attorney given in this Section 7.04 shall be a power coupled with an interest which, together with the license given in Section 7.03, cannot be revoked until completion of any improvement or rehabilitation of the Project in accordance with this Agreement. Notwithstanding the foregoing, the Servicer, the Significant Bondholder and the Financial Monitor, if acting on behalf of the Issuer, shall have no liability for failure to act under such power of attorney, if in its sole discretion the exercise of such powers would expose the Servicer and/or the Financial Monitor to personal liability.

Section 7.05 Direct Disbursements Following Default. During any Event of Default by the Borrower hereunder and passage of any cure or grace period permitted hereunder without cure being effected, the Borrower irrevocably permits and authorizes the Financial Monitor and/or the Significant Bondholder to disburse any remaining proceeds of the Loan directly to the general contractor for the Project (unless the general contractor is then in default, in which case to the sub-contractors) but the Financial Monitor and the Significant Bondholder are not under any obligation so to do. No further direction or authorization from the Borrower shall be necessary to warrant such direct disbursements and all such disbursements shall satisfy pro tanto the obligations of the Borrower hereunder and shall be secured by the Mortgage as fully as if made to the Borrower regardless of the disposition thereof by any major subcontractor, general contractor or such other persons. The Financial Monitor and/or the Significant Bondholder shall impose reasonable conditions for such direct payment including, but not limited to, receipt of estoppel certificates, waivers of lien, releases and the like. The Financial Monitor and/or the Significant Bondholder shall account to the Borrower for all sums so paid. The Financial Monitor and/or the Significant Bondholder shall be under no obligation to disburse funds to complete improvement or rehabilitation of the Project unless sufficient funds are available and on deposit with the Trustee to complete improvement or rehabilitation of the Project and to pay the fees and expenses of the Financial Monitor and/or the Significant Bondholder in connection with such activities. Notwithstanding the foregoing, in the event the Financial Monitor and/or the Significant Bondholder exercises the authority under this Section 7.05, the Financial Monitor and/or the Significant Bondholder shall complete requisitions as required by Section 6.02 of the Indenture pursuant to the authority given to the Financial Monitor and the Significant Bondholder under Section 7.04. From and after the Stabilization Date, this Section 7.05 shall be read and interpreted, in each instance, by substituting the Servicer for the Financial Monitor.

Section 7.06 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given

under this Agreement, the Mortgage or any other Loan Document or now or hereafter existing at law, under contract, or in equity; provided, however, each right and remedy of the Issuer, whether granted in this Agreement, or any other Loan Document, at law or in equity is subject to the provisions of Section 8.11. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or required by any other Loan Document. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee and the Trustee, subject to the provisions of Section 8.11 and of the Indenture, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 7.07 Agreement To Pay Fees and Expenses of Counsel. If the Borrower should be in default under any of the provisions of this Agreement and the Issuer, Servicer, Financial Monitor, Significant Bondholder or the Trustee should employ counsel or incur other expenses for the collection of the indebtedness hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agree that they will on demand therefor pay to the Trustee, the Issuer, the Servicer, the Financial Monitor or the Significant Bondholder, if any, or, if so directed by the Issuer, the Trustee, the Servicer, the Financial Monitor or the Significant Bondholder, to their counsel, the reasonable fees of such counsel and all other out-of-pocket expenses incurred by or on behalf of the Issuer, the Trustee, the Servicer, the Financial Monitor or the Significant Bondholder.

Section 7.08 Waiver; No Additional Waiver Implied by One Waiver; Consents to Waivers. The Owners of a majority of the aggregate principal amount of Bonds Outstanding may waive any Event of Default hereunder and upon such waiver the occurrence of such event shall not be deemed an Event of Default hereunder. No waiver shall be effective unless in writing and signed by the party making the waiver. In the event any agreement contained in this Agreement should be breached and thereafter waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.07 Remedies Subject to Applicable Law. All rights, remedies, and powers provided by this Article VII may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law in the premises and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

Section 7.08 Cure by Investor Limited Partner. The Issuer hereby agrees that any cure of any Event of Default or default hereunder made or tendered by the Investor 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. Copies of any notice provided to the Borrower pursuant to Section 7.01 or Section 7.02 hereof shall be provided to the Investor Limited Partner.

Section 7.09 Significant Bondholder's Right To Perform the Obligations. Subject to the Significant Bondholder's rights under Section 7.05, if the Borrower shall fail, refuse or neglect to make any payment or perform any act required by the Loan Documents resulting in an Event of Default, then while any Loan Agreement default exists, and without notice to or demand upon the Borrower and without waiving or releasing any other right, remedy or recourse the Trustee or the Significant Bondholder may have because of such Loan Agreement default, the Significant Bondholder may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the Borrower, and shall have the right to enter upon the Project for such purpose and to take all such action thereon and with respect to the Project as it may deem necessary or appropriate. If the Significant Bondholder shall elect to pay any sum due with reference to the Project, the Significant Bondholder may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Loan Documents, the Significant Bondholder shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. All sums paid by the Significant Bondholder pursuant to this Section 7.11, and all other sums expended by the Significant Bondholder, to which it shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid, shall constitute additions to all amounts payable with respect to the Bonds, shall be secured by the Loan Documents and shall be paid by the Borrower to the Significant Bondholder upon demand.

ARTICLE VIII MISCELLANEOUS

Section 8.01 Amounts Remaining in Funds and Accounts. Any amounts remaining in any Fund or Account established under the Indenture after payment of the Bonds in full including interest and premium, if any, thereon in accordance with their terms, or provision for payment thereof having been made in accordance with the provisions of the Indenture, and payment of all sums otherwise due hereunder shall be paid to the Borrower as provided in the Indenture.

Section 8.02 Limitation on Issuer's Liability; Issuer May Rely.

(a) All obligations of the Issuer incurred under this Loan Agreement, the Regulatory Agreement, the Tax Agreement and the Indenture shall be limited obligations of the Issuer, payable solely and only from Bond proceeds, revenues and other amounts derived by the Issuer from the Trust Estate. THE BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND PROPERTY PLEDGED UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS, AND NO OWNER OR OWNERS OF ANY OF THE BONDS SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, OR TO ENFORCE THE PAYMENT OF THE BONDS AGAINST ANY PROPERTY OF THE ISSUER, THE STATE OR ANY SUCH POLITICAL SUBDIVISION, INCLUDING THE ISSUER, EXCEPT AS PROVIDED IN THE INDENTURE. NO BOARD MEMBER,

DIRECTOR, OFFICER, AGENT, EMPLOYEE, OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THIS LOAN AGREEMENT ON BEHALF OF THE ISSUER, SHALL BE LIABLE PERSONALLY UNDER THIS LOAN AGREEMENT OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THIS LOAN AGREEMENT OR ANY AMENDMENT TO THIS LOAN AGREEMENT, AGAINST ANY BOARD MEMBER, OFFICER, DIRECTOR, EMPLOYEE, AGENT, ATTORNEY OR MEMBER OF THE GOVERNING BOARD OF THE ISSUER AS SUCH, OR ANY SUCCESSOR 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, BY THE ACCEPTANCE OF THIS LOAN AGREEMENT AND AS PART OF THE CONSIDERATION FOR THE ISSUE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

(b) It is expressly understood and agreed by the parties to this Loan Agreement that:

(i) The Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any Bondholder or the Borrower as to the existence of a fact or state of affairs required under this Loan Agreement to be noticed by the Issuer;

(ii) The Issuer shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Borrower; and

(iii) None of the provisions of this Loan Agreement shall require the Issuer to expend or risk its own funds (apart from the proceeds of Bonds issued under the Indenture) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Loan Agreement unless it first shall have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

(c) No provision, representation, covenant or agreement contained in this Loan Agreement or in the Indenture, the Bonds, or any obligation herein or therein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability (except to the extent of any Loan repayments, revenues and receipts derived by the Issuer pursuant to this Loan Agreement and other moneys held pursuant to the Indenture, other than in the Rebate Fund). No provision hereof shall be construed to impose a charge against the general credit of the Issuer, the State, the County or any political subdivision of the State or the taxing powers of the State, the County or any political subdivision of the State, within the meaning of any constitutional provision or statutory limitation, or any personal or pecuniary liability upon any board member, director, officer, agent or employee of the Issuer.

(d) All covenants, obligations and agreements of the Issuer contained in this Loan Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future board member, director, officer, agent or employee of the Issuer in other than his official capacity, and no official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Loan Agreement or in the Indenture. No provision, covenant or agreement contained in this Loan Agreement, the Indenture or the Bonds, or any obligation herein or therein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge. No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Issuer contained in this Loan Agreement or in any Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Issuer contained in any agreement, instrument, or certificate executed in connection with the Project or the issuance and sale of the Bonds, against any member of the governing board of the Issuer, its officers, counsel, financial advisor, or agents, as such, in his or her individual capacity, past, present, or future, or of any successor thereto, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any member of the governing board, officers, counsel, financial advisors, or agents, as such, in his or her individual capacity, past, present, or future, of the Issuer or of any successor thereto, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the Issuer and the Trustee or the Borrower to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such director, officer, counsel, financial advisor, or agent, is, by the execution of the Bonds, this Loan Agreement, and the Indenture, and as a condition of, and as part of the consideration for, the execution of the Bonds, this Loan Agreement, and the Indenture, expressly waived and released.

(e) No agreements or provisions contained in the Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds, shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except as may be payable from the repayments by the Borrower under this Loan Agreement and the proceeds of the Bonds and other amounts pledged under the Indenture as part of the Trust Estate. No failure of the Issuer to comply with any term, condition, covenant or agreement herein or in any document executed by the Issuer in connection with the issuance and sale of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the repayments by the Borrower under this Loan Agreement or proceeds of the Bonds and other amounts pledged under the Indenture as part of the Trust Estate. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with

any term, condition, covenant or agreement herein, provided that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable from the repayments by the Borrower or the proceeds of the Bonds and other amounts pledged under the Indenture as part of the Trust Estate.

Section 8.03 Amendment of Agreement. This Agreement may be amended only by written agreement of the parties hereto and approved by the Significant Bondholder, if any, and subject to the requirements for and limitations on such amendments set forth herein and in the Indenture; provided, however, modification or the waiver of any provisions of this Agreement, the Note, the Ground Lease or the Mortgage, or consent to any departure by the Borrower therefrom shall in no event be effective unless the same shall be in writing approved by the parties hereto and approved by the Significant Bondholder, if any, or otherwise in accordance with this Agreement.

Section 8.04 Security Advice Waiver. The Borrower and Issuer acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Borrower and Issuer the right to receive brokerage confirmations for certain security transactions as they occur, the Borrower and Issuer specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Borrower and Issuer periodic cash transaction statements that include detail for all investment transactions made by the Trustee.

Section 8.05 Payment. At such time as the principal of, premium, if any, and interest on all Bonds Outstanding under the Indenture shall have been paid in accordance with their terms, or shall be deemed to be paid in accordance with the Indenture, and all other sums payable by the Borrower under this Agreement shall have been paid, the Loan shall be deemed to be fully paid and the Borrower upon request is entitled to receive acknowledgment of such payment in full from Trustee.

Section 8.06 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

Section 8.07 Severability. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the invalidity of such provisions or sections shall not affect any other provisions or sections hereof, and this Agreement shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced, as if such illegal or invalid clause, provision or section had not been contained herein.

Section 8.08 Term of Agreement; Time of the Essence. This Agreement shall be in full force and effect from the date hereof and shall continue in effect for the later of (a) so long as any Bonds are Outstanding, or (b) for a period of 91 days after the Borrower makes any payments under this Agreement during which no "filing" by or against the Borrower (as described in Section 7.01(j)) occurs, or (c) so long as Trustee holds any moneys under the

Indenture other than upon or after a defeasance pursuant to Article XII of the Indenture; provided, however, this Agreement shall not terminate unless and until (i) all of the Borrower's obligations under the Loan Documents (including the Regulatory Agreement and the Tax Agreement) have been satisfied, and (ii) all of the Borrower's obligations with respect to the Issuer Fee and any arbitrage rebate obligation has been satisfied and the Borrower has so certified to the Issuer and the Trustee. Notwithstanding the foregoing, all representations and certifications by the Borrower set forth in Article II and all provisions relating to the payment of any amounts due hereunder to the Trustee, the Servicer, the Financial Monitor, the Significant Bondholder, if any, and the Issuer (including amounts due under Section 4.13, Section 5.03 and Article VI) shall survive any termination, payment, or satisfaction of the indebtedness and the termination of this Agreement, and any foreclosure or any other transfer of any kind of the Project and shall continue and survive *ad infinitum*. The parties hereto agree that time is of the essence with respect to this Agreement and each of the other Loan Documents and Bond Documents.

Section 8.09 Notice of Changes in Fact. Promptly after the Borrower becomes aware of the same, the Borrower will notify the Issuer, the Trustee, the Financial Monitor and the Significant Bondholder of (a) any change in any material fact or circumstance represented or warranted by the Borrower in this Agreement or in connection with the issuance of the Bonds, and (b) any Event of Default or event which, with the giving of notice or lapse of time or both, could become an Event of Default under this Agreement or the Indenture, specifying in each case the nature thereof and what action the Borrower has taken, is taking, and/or proposes to take with respect thereto, provided if the Event of Default is cured and the Borrower did not notify the parties, said failure to provide notice shall not be an Event of Default in and of itself.

Section 8.10 Notices. Any notices or other communication required or permitted hereunder shall be sufficiently given if delivered, by certified mail, postage prepaid or overnight delivery service to the Borrower, the Issuer, the Financial Monitor, the Servicer, the Significant Bondholder, the Trustee as shall be furnished in writing by any party to the other, and shall be deemed to have been given as of the date of the signed receipt.

Section 8.11 Debtor-Creditor Relationship. It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower, and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the said debtor/creditor relationship.

Section 8.12 Nonrecourse, Limited Recourse and Recourse Provisions of Loan.

(a) Notwithstanding anything to the contrary in this Agreement or in the Note or Mortgage, commencing on the later of (i) the Stabilization Date or (ii) the date that the Permanent Term Purchaser purchases all of the Bonds from the Initial Purchaser, the personal liability of the Borrower and each person who holds a direct or indirect ownership interest in the Borrower, and the respective officers, directors, managers, trustees, agents, employees and affiliates of Borrower and such owners (collectively, "Borrower Related Persons") shall be

strictly and absolutely limited to the property encumbered by the Mortgage and other Loan Documents, and the leases, rents, profits and issues thereof and any other collateral securing the Loan, except as provided in paragraph (b) herein below. No one may seek any judgment, whether for a deficiency or otherwise, against the Borrower or the Borrower Related Persons in any action to foreclose, to exercise a power of sale, to confirm any foreclosure or sale under power of sale, or to exercise any other rights or power under or by reason of the Mortgage or any other Loan Documents; provided, however, that nothing herein shall prohibit to the extent necessary judicial proceedings to foreclose the Mortgage or other Loan Documents or to the extent necessary a judgment or decree of specific performance of agreements and covenants hereunder (or the exercise of any remedy available under the Regulatory Agreement, other than a remedy for the payment of principal and interest on the Note, if any), other than Loan payment covenants. In the event any suit is brought on this Agreement, or concerning the Loan or any amount secured by the Mortgage or other Loan Documents as part of judicial proceedings to foreclose the liens of the Mortgage and/or security interest, or to confirm any foreclosure or sale pursuant to power of sale thereunder, or to exercise any other rights or power under or by reason of the Mortgage or other Loan Documents, any judgment obtained in such suit shall constitute a lien on and will be and can be enforced only against, the property encumbered by the Mortgage and other Loan Documents, and the leases, rents, profits and issues thereof, and not against any other asset of the Borrower or the Borrower Related Persons, and the terms of such judgment shall expressly so provide.

(b) Notwithstanding paragraph (a) above, or anything to the contrary in this Agreement or any other Loan Documents, the Borrower shall be personally liable for, and the Issuer and the Trustee shall have the right to seek a judgment for money damages (including a deficiency judgment) to enforce, payment of:

(i) The Issuer Fee, the Trustee Fee, the Financial Monitor's Fee and the Servicer Fee and reasonable extraordinary costs and expenses, including, but not limited to, the payment obligations of the Borrower under Sections 4.12 and 5.03 and legal fees and reasonable out-of-pocket costs and expenses of Bond Counsel, counsel to the Issuer, counsel to the Trustee or counsel to the Significant Bondholder incurred in connection with the interpretation or enforcement of the Indenture, this Agreement or the other Loan Documents;

(ii) Indemnification under Article VI; provided, however, said indemnification provisions shall not be deemed to create any personal liability of the Borrower or the Borrower Related Person for the payment of principal, premium, if any, and interest on the Loan;

(iii) Intentional misapplication of Project rents, profits and issues following any payment default in payment of principal or interest on the Loan (without regard to the expiration of any cure period, if any) to the extent misapplied;

(iv) Liability for intentional waste, destruction or damage to the Project or any part thereof on the part of the Borrower, the Borrower Related Person or the Project Manager;

(v) Tenant security deposits, to the extent not properly accounted for, or prepaid rent, to the extent misapplied;

(vi) Misapplication of any Condemnation Award or Insurance Proceeds;

(vii) Fraud, intentional misrepresentation, willful misconduct, or criminal activity;

(viii) Any obligation to pay a premium on the Bonds in the event of a redemption resulting from a Determination of Taxability due to actions or inactions of the Borrower as provided in the Indenture;

(ix) Any damages suffered by the Issuer, the Trustee or the Bondholders (or any of them) because of a transfer of the Project in whole or in part in contravention of the Loan Documents, or the occurrence of a Determination of Taxability because of the action or inaction of the Borrower or any party within its control; and

(x) Any brokerage commissions or finders' fees claimed by any party in connection with the Bonds, the Loan or the Project.

All of the foregoing obligations shall bear interest at the Default Rate from the due date thereof (or, in the case of liability and indemnification for removal or cleanup of environmental hazards, from the date demand for payment thereof is made) until the date paid in full.

Section 8.13 Applicable Law. The laws of the State, without resort to conflicts of laws principles, shall govern the interpretation of this Agreement.

Section 8.14 Further Assurances and Corrective Instruments. The Issuer and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the performance of this Agreement.

Section 8.15 Electronic Transactions. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22.

Section 8.16 USA Patriot Act. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit or other financial services product. When the Borrower opens an account, if the Borrower is an individual, the Trustee may ask for the Borrower's name, taxpayer identification number,

residential address, date of birth and other information that will allow the Trustee to identify the Borrower, and if the Borrower is not an individual, the Trustee will ask for the Borrower's name, taxpayer identification number, business address, and other information that will allow the Trustee to identify the Borrower. The Trustee may also ask, if the Borrower is an individual, to see the Borrower's driver's license or other identifying documents, and if the Borrower is not an individual, to see the Borrower's legal organizational documents or other identifying documents.

Section 8.17 No Trial by Jury. The Parties hereto hereby agree not to elect a trial by jury of any issue triable of right by jury, and waive any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to the Bond Documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by the Parties hereto, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue in each instance, to the fullest extent permitted by applicable law. The Servicer, the Trustee or Significant Bondholder is hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the Parties hereto.

Section 8.18 [Reserved].

Section 8.19 Sale of Bonds and Secondary Market Transaction. (a) At the Significant Bondholder's request, the Borrower shall use reasonable efforts to satisfy the market standards to which the Significant Bondholder, the Financial Monitor or the Servicer customarily adheres or which may be reasonably required in the marketplace or by the Significant Bondholder, the Financial Monitor or the Servicer 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, nor the Trustee 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 Significant Bondholder, the Financial Monitor or the Servicer, and shall not materially modify Borrower's rights or obligations. Without limiting the generality of the foregoing, the Borrower and the Issuer shall, so long as the Loan is still outstanding:

(i) provide such financial and other reasonable information with respect to the Bonds, and with respect to the Project, the Borrower, the General Partner, the Property Manager or the contractor (if applicable) of the Project, (1) provide financial statements, audited, if available, relating to the Project with customary disclaimers for any forward looking statements or lack of audit, and (2) 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, as may be reasonably requested from time

to time by the Significant Bondholder or the Servicer or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Significant Bondholder 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 Significant Bondholder, the Financial Monitor or the Servicer;

(ii) make such representations and warranties which it is aware of as of the closing date of any Secondary Market Transaction with respect to the Project, the Borrower, the Loan Documents and the Bond Documents reasonably acceptable to the Significant Bondholder, the Financial Monitor or the Servicer, 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 and the Loan Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the material economic terms of the Bond Documents and the Loan 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, private placement memorandum or similar disclosure document (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 which any and all costs will be borne by Significant Bondholder. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall reasonably cooperate with the Significant Bondholder, the Financial Monitor and the Servicer 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 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 Property Manager, cause it to provide, information reasonably requested by the Significant Bondholder, the Financial Monitor or the Servicer pertaining to the Borrower, or the Project or such third party to the extent within Borrower's reasonable purview (and portions of any other sections reasonably requested by the Significant Bondholder, the Financial Monitor or the Servicer pertaining to the Borrower, the Project or the third party). The Borrower shall, if requested by the Significant Bondholder, the Financial Monitor and the Servicer, certify

in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, the Project or the Property Manager, and such portions to the extent within Borrower's reasonable purview (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project or the Property Manager) 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 parties. Furthermore, the Borrower hereby indemnifies the Significant Bondholder, the Financial Monitor, the Servicer, the Trustee and the Issuer 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 provided by the Borrower and pertaining to the Borrower, the Project or a Borrower-engaged third party in a Secondary Market Disclosure Document.

(d) In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify the Significant Bondholder, the Financial Monitor, the Servicer, the Trustee, the Issuer, its members, and any underwriter group for any securities (the "Underwriter Group") and the other indemnified parties identified in Article VI hereof for any Liabilities to which the Significant Bondholder, the Financial Monitor, the Servicer, the Trustee or the Underwriter Group and/or such other indemnified parties may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission 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 Significant Bondholder, the Servicer, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Significant Bondholder, the Servicer or the Underwriter Group and/or such indemnified parties in connection with defending or investigating such liabilities; *provided* that the Borrower shall not provide any reimbursement or indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties which it has engaged.

(e) Promptly after receipt by an indemnified party under this Section 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, 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. The foregoing indemnification shall be in addition to all other indemnification provided hereunder, including without limitation, the indemnification set forth in Article VI hereof.

(f) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in this Section 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, 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.

[Execution pages follow]

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENT OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be duly executed as of the day and year first written above.

AUSTIN HOUSING FINANCE CORPORATION

By: _____
Treasurer

[Issuer Signature page for Loan Agreement]

AUSTIN COLORADO CREEK APARTMENTS, L.P.,
a Texas limited partnership

By: Austin Colorado Creek GP, LLC, a Texas limited
liability company, its general partner

By: Strategic Housing Finance Corporation of
Travis County, a Texas housing finance corporation,
its sole member

By: _____
Name: _____
Title _____

[Borrower Signature page for Loan Agreement]

EXHIBIT A

FORM OF PROMISSORY NOTE (Colorado Creek Apartments)

\$25,000,000

As of March 1, 2016

FOR VALUE RECEIVED, AUSTIN COLORADO CREEK APARTMENTS, L.P. (the "Borrower"), promises to pay, in lawful money of the United States of America, to or on the order of the Austin Housing Finance Corporation (together with any of its successors or assigns, the "Issuer"), the principal sum of TWENTY FIVE MILLION DOLLARS AND NO CENTS (\$25,000,000.00) with interest thereon on the outstanding principal balance of this Note from time to time, at the rates per annum as provided in the Indenture and the Loan Agreement (each as hereinafter defined). Terms not otherwise defined in this Note shall have the respective meanings as set forth in the Indenture or the Loan Agreement.

Amounts due under this Note shall be payable in installments at the times and in the amounts determined as provided in the Loan Agreement dated as of March 1, 2016, between the Borrower and the Issuer, the terms of which are incorporated herein by reference (the "Loan Agreement"), with the final payment of all outstanding principal and interest on this Note to be paid on _____, unless the Bonds are required to be redeemed or this Note is earlier paid by the Borrower in accordance with the terms hereof, the Loan Agreement or the Indenture; however, the obligation of the Borrower to make any payment hereunder shall be deemed satisfied and discharged to the extent of any amounts held in the funds and accounts under the Indenture, including earnings thereon, to the extent such amounts are used to make payments of principal and interest on the Bonds. Both principal and interest under this Note shall be payable at the Notice Address of the Trustee. The Borrower may make prepayments upon this Note as provided in the Loan Agreement, with such prepayments being first applied to interest and next to principal.

This Note is made pursuant to the Loan Agreement wherein, among other things, the Issuer has agreed to loan to the Borrower and the Borrower has agreed to take a loan in the principal amount above, being the proceeds from the sale of the Issuer's Multifamily Housing Revenue Bonds (Colorado Creek Apartments) Series 2016 in the original aggregate principal amount of \$25,000,000 (the "Bonds"), said proceeds to be disbursed to the Borrower from time to time in accordance with the provisions of the Trust Indenture dated as of March 1, 2016 (the "Indenture"), between the Issuer and the Trustee, pursuant to which the Bonds are being issued.

Upon the occurrence of any Event of Default as defined in the Loan Agreement, all unpaid principal of and interest on this Note may be declared to be forthwith due and payable in the manner and with the effect provided in the Loan Agreement. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent occurrence of such an Event of Default. If this Note shall be placed in the hands of an attorney or attorneys for collection, the Borrower agrees to pay, in addition to the amount due hereon, the reasonable costs and expenses of collection, including reasonable legal fees and expenses.

The indebtedness evidenced by this Note is secured by, among other things, the Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing, dated as of March 1, 2016 (the "Mortgage"), from the Borrower to the deed of trust trustee named therein for the benefit of the Trustee, with respect to the Project.

Interest payable on this Note shall not exceed the maximum amount that may be lawfully charged. Interest on this Note shall be calculated, from time to time, on the same basis as interest on the Bonds.

At the option of the Trustee, exercised in accordance with the Indenture, the entire principal balance and accrued interest owing hereon shall at once become due and payable without notice or demand upon the occurrence at any time of any of the events of default (collectively, the "Events of Default") set forth in the Loan Agreement or the Mortgage, after the passage of any applicable grace or cure period provided therein.

The Trustee's failure to exercise the option to accelerate the maturity of this Note upon the happening of any one or more of the Events of Default shall not constitute a waiver of the right of the Trustee to exercise the same or any other option at that time with respect to such Event of Default or any other default under this Note or under any instrument securing, governing, guaranteeing or evidencing the loan evidenced by this Note (the "Loan"). The remedies provided in this Note, in the Mortgage, the Loan Agreement, the Indenture and in any other instrument securing, governing, guaranteeing or evidencing the Loan (collectively, the "Security Documents"), shall be cumulative and concurrent and may be pursued separately, successively or together as often as occasion therefor shall arise, at the sole discretion of the Trustee. The acceptance by the holder hereof of any payment under this Note which is less than the payment in full of all amounts due and payable at the time of such payment shall not (a) constitute a waiver of or impair, reduce, release or extinguish any remedy or right to exercise the foregoing option or any other option granted to the holder or any other party in this Note, or under any other instrument securing, governing, guaranteeing or evidencing the loan evidenced hereby, at that time or at any subsequent time, or nullify any prior exercise of any such option, or (b) impair, reduce, release, extinguish or adversely affect the obligations of any party liable under such documents as originally provided therein.

The Borrower waives demand, presentment, notice of dishonor, notice of intention to accelerate the indebtedness evidenced hereby, notice of the acceleration of the maturity hereof, diligence in collecting, grace, notice (except as set forth in the Loan Agreement or Mortgage) and protest, and agrees to one or more extensions for any period or periods of time and to partial payments, as permitted by the Trustee in its sole discretion, before or after maturity, without prejudice to the holder of this Note.

If this Note is not paid when due, whether at maturity or by acceleration, or if, after the occurrence of an Event of Default, this Note is placed with an attorney for collection, whether before or after maturity, the Borrower agrees to pay all reasonable costs of collection, including, but not limited to, reasonable legal fees and expenses incurred by or on behalf of the holder hereof.

All payments on the indebtedness evidenced by this Note shall be applied first to pay certain costs incurred by or on behalf of the holder hereof and next to pay interest hereon and next to pay any and all remaining costs incurred by or on behalf of the holder hereof and finally to pay principal, all as described in the Indenture.

The proceeds of this Note are to be used for business, commercial, investment or other similar purposes, and no portion thereof will be applied for personal, family or household use.

All agreements between the Borrower and the holder hereof, whether now existing or hereafter arising, and whether written or oral, are hereby limited so that in no event shall the interest payable hereunder (whether contracted for, charged or received by the holder hereof) exceed the maximum amount permissible under applicable law. If, from any circumstances whatsoever, interest would otherwise be payable to the holder hereof in excess of the maximum lawful amount, the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any such 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 the holder hereof 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 the maximum amount permitted by applicable law. This paragraph shall control all agreements between the Borrower and the holder hereof.

Notwithstanding anything to the contrary in this Note or in the Loan Agreement or the Mortgage, from and after the later of (i) the Stabilization Date and (ii) the date that the Permanent Term Purchaser purchases all of the Bonds from the Initial Purchaser, the personal liability of the Borrower and each person who holds a direct or indirect ownership interest in the Borrower, and the respective officers, directors, managers, trustees, agents, employees and affiliates of Borrower and such owners (collectively, "Borrower Related Persons") shall be strictly and absolutely limited to the property encumbered by the Mortgage and other Loan Documents, and the leases, rents, profits and issues thereof and any other collateral securing the Loan, except as provided in paragraph (b) herein below. No one may seek any judgment, whether for a deficiency or otherwise, against the Borrower or the Borrower Related Persons in any action to foreclose, to exercise a power of sale, to confirm any foreclosure or sale under power of sale, or to exercise any other rights or power under or by reason of the Mortgage or any other Loan Documents; provided, however, that nothing herein shall prohibit to the extent necessary judicial proceedings to foreclose the Mortgage or other Loan Documents or to the extent necessary a judgment or decree of specific performance of agreements and covenants under this Note or the Loan Agreement (or the exercise of any remedy available under the Regulatory Agreement, other than a remedy for the payment of principal and interest on this Note, if any), other than Loan payment covenants. In the event any suit is brought on this Note or the Loan Agreement, or concerning the Loan or any amount secured by the Mortgage or other Loan Documents as part of judicial proceedings to foreclose the Mortgage liens and/or security interest, or to confirm any foreclosure or sale pursuant to power of sale thereunder, or to exercise any other rights or power under or by reason of the Mortgage or other Loan Documents, any

judgment obtained in such suit shall constitute a lien on and will be and can be enforced only against, the property encumbered by the Mortgage and other Loan Documents, and the leases, rents, profits and issues thereof, and not against any other asset of the Borrower or the Borrower Related Persons, and the terms of such judgment shall expressly so provide.

Notwithstanding the preceding paragraph, or anything to the contrary in the Loan Agreement or any other Loan Documents, the Borrower shall be personally liable for, and the Issuer and the Trustee shall have the right to seek a judgment for money damages (including a deficiency judgment) to enforce, payment of:

(c) The Issuer Fee, the Trustee Fee, the Financial Monitor Fee and the Servicer Fee and reasonable extraordinary costs and expenses, including, but not limited to, the payment obligations of the Borrower under Sections 4.12 and 5.03 of the Loan Agreement and reasonable legal fees and out-of-pocket costs and expenses of Bond Counsel, counsel to the Issuer, counsel to the Trustee or counsel to the Significant Bondholder incurred in connection with the interpretation or enforcement of the Indenture, the Loan Agreement or the other Loan Documents;

(d) Indemnification under Article VI of the Loan Agreement; provided, however, said indemnification provisions shall not be deemed to create any personal liability of the Borrower or the Borrower Related Person for the payment of principal, premium, if any, and interest on the Loan;

(e) Intentional misapplication of Project rents, profits and issues following any payment default in payment of principal or interest on the Loan (without regard to the expiration of any cure period, if any) to the extent misapplied;

(f) Liability for intentional waste, destruction or damage to the Project or any part thereof on the part of the Borrower, the Borrower Related Person or the Project Manager;

(g) Tenant security deposits, to the extent not properly accounted for, or prepaid rent, to the extent misapplied;

(h) Misapplication of any Condemnation Award or Insurance Proceeds;

(i) Fraud, intentional misrepresentation, willful misconduct, or criminal activity;

(j) Any obligation to pay a premium on the Bonds in the event of a redemption resulting from a Determination of Taxability due to the actions or inaction of the Borrower, as provided in the Indenture;

(k) Any damages suffered by the Issuer, the Trustee or the Bondholders (or any of them) because of a transfer of the Project in whole or in

part in contravention of the Loan Documents, or the occurrence of a Determination of Taxability because of the action or inaction of the Borrower or any party within its control; and

(l) Any brokerage commissions or finders' fees claimed by any party in connection with the Bonds, the Loan or the Project.

All of the foregoing obligations shall bear interest at the Default Rate from the due date thereof (or, in the case of liability and indemnification for removal or cleanup of environmental hazards, from the date demand for payment thereof is made) until the date paid in full.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO THE CHOICE OF LAW PRINCIPLES THEREOF.

[Signature page to follow]

SIGNATURE PAGE OF BORROWER FOR PROMISSORY NOTE
(Colorado Creek Apartments)

**AUSTIN COLORADO CREEK
APARTMENTS, LTD.,**
a Texas limited partnership

By: Austin Colorado Creek GP, LLC,
a Texas limited liability company, its general
partner

By: Strategic Housing Finance
Corporation of Travis County,
a Texas housing finance corporation, its sole
member

By: _____
Name: _____
Title: _____

**ASSIGNMENT OF PROMISSORY NOTE
(Colorado Creek Apartments)**

The Austin Housing Finance Corporation (the "Issuer"), hereby assigns to Wilmington Trust, National Association, as trustee under the Trust Indenture dated as of March 1, 2016, by and between the Issuer and said trustee, without recourse or warranty, all of its right, title and interest in and to the attached Promissory Note made by Austin Colorado Creek Apartments, L.P. payable to the order of the Issuer.

**AUSTIN HOUSING
FINANCE CORPORATION**

By: _____
Authorized Signatory

EXHIBIT C

..... 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,

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee,

and

AUSTIN COLORADO CREEK APARTMENTS, L.P.
as Owner

Dated as of March 1, 2016

Relating to

\$25,000,000
AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(COLORADO CREEK APARTMENTS)
SERIES 2016

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REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (this "Agreement" or this "Regulatory Agreement") dated as of March 1, 2016 is among the Austin Housing Finance Corporation, a housing finance corporation duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the "Issuer"), WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association, 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 Austin Colorado Creek Apartments, L.P., a Texas limited liability company (together with its permitted successors and assigns, the "Owner"),

WITNESSETH:

WHEREAS, pursuant to the Act (as hereinafter defined), the Issuer is authorized to issue one or more series of its revenue bonds and to loan the proceeds thereof to finance the acquisition, rehabilitation and equipping of residential rental housing for persons of low and moderate income; and

WHEREAS, the Owner has requested the assistance of the Issuer in financing a multifamily residential 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 Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Colorado Creek Apartments) Series 2016 in the aggregate principal amount of \$25,000,000 (the "Bonds"), and making a mortgage loan to the Owner of such principal amount, upon the terms and conditions set forth in the Loan Agreement (as hereinafter defined);

WHEREAS, in order for interest on the Bonds to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and the income tax regulations (including temporary, proposed and final regulations) and rulings with respect to the Code, and in order to comply with the requirements of the Act, relating to the Bonds, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the Issuer, the Trustee and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, rehabilitation, equipping and operation of the Project and in order to ensure that the Project will be acquired, constructed, equipped, used and operated in accordance with the Code and the Act.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer, the Trustee and the Owner hereby agree as follows:

Section 1. Definitions and Interpretations. 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 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 and the Trustee pursuant to Section 4(b)(iv) hereof and the Loan Agreement with respect to the Project, in substantially the form attached hereto as Exhibit D, or in such other form as the Issuer may reasonably prescribe.

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

"Eligible Tenants" means persons of low and moderate income whose adjusted gross income, together with the adjusted gross income of all persons who intend to reside with those persons in one dwelling unit, did not for the preceding tax year exceed the maximum amount constituting moderate income under the Issuer's rules, resolutions relating to the issuance of bonds, or financing documents relating to the issuance of bonds, which as of the date hereof, is 100% of median family income.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel, addressed to the Issuer and the Trustee, to the effect that the action to be taken will not adversely affect the excludability of interest on the Bonds from gross income for federal tax purposes

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

"Gross Proceeds" means any Proceeds and any Replacement Proceeds of the Bonds.

"Indenture" means the Trust Indenture of even date herewith by and between the Issuer and the Trustee, relating to the issuance of the Bonds, and any indenture supplemental thereto.

"Inducement Date" means _____, 2015.

"Installment Computation Date" means the last day of each fifth year commencing December 31, 2016, 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 Mortgage and the Loan Agreement.

"Loan Agreement" means the Loan Agreement of even date herewith among the Trustee and the Owner, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Indenture.

"Low-Income Tenants" means persons whose aggregate Anticipated Annual Income does not exceed 60% of the Median Gross Income for the Area. For purposes of this definition, the occupants of a Unit shall not be deemed to be Low-Income Tenants if all the occupants of such Unit at any time are "students", as defined in section 152(f)(2) of the Code, no one of whom is entitled to file a joint return under section 6013 of the Code.

"Low-Income Unit" means a Unit which is included as a Unit satisfying the requirements of the Set Aside.

"Median Gross Income for the Area" means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of Housing and Urban Development, under Section 8 of the United States Housing Act of 1937, as amended (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size.

"Net Proceeds" means any Net Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"Net Sale Proceeds" means the Sale Proceeds of the Bonds less any such proceeds deposited into a Reasonably Required Reserve or Replacement Fund under section 148(d) of the Code.

"Nonpurpose Investments" means any "investment property," within the meaning of section 148(b) of the Code, acquired with the Gross Proceeds of the Bonds.

"Owner Representative" means any Person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such Person and signed on behalf of the Owner by the General Partner, which certificate may designate an alternate or alternates.

"Person" means any individual, entity, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"Project" means the Project Facilities and the Project Site.

"Project Costs" means, to the extent authorized by the Act, any and all costs incurred by the Owner with respect to the acquisition, construction, rehabilitation and equipping, as the case may be, of the Project, whether paid or incurred prior to or after the date of this Regulatory Agreement, including, without limitation, costs for site preparation, the planning of housing and improvements, the removal or demolition of existing structures, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractor's and Owner's overhead and supervisor's fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof.

"Project Facilities" means the multifamily affordable housing complex set forth in Exhibit B hereto.

"Project Site" means the parcel or parcels of real property described in Exhibit A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances appertaining thereunto.

"Qualified Project Costs" means the Project Costs incurred no earlier than 60 days prior to the Inducement Date (or which are qualifying preliminary expenditures) and no earlier than three years prior to the date reimbursed with Proceeds, but in no event shall such costs have been incurred with respect to a portion of the Project that is placed in service, within the meaning of Section 1.150-2 of the Regulations, earlier than 18 months prior to the date the related costs are reimbursed with Proceeds; provided that such costs are chargeable to a capital account with respect to the Project for Federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Owner or but for the proper election by the Owner to deduct those amounts; provided, however, that, if any portion of the Project is being constructed by the Owner or an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" shall include only (a) the actual out-of-pocket costs incurred by the Owner or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Owner or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Owner or such Affiliated Party which are directly attributable to the work performed on the Project and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance.

"Qualified Project Period" means, with respect to the Project, the period beginning on the closing date and ending on the later of (i) the date which is 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 from the sale (or other disposition) of any Bond, including amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any Bond and that is described in Section 1.148-4 of the Regulations.

"Set Aside" has the meaning assigned to such term in Section 2(i) hereof.

"Spending Exception Issue" means any issue of Bonds that meets either the six month exception or the 18-month exception set forth in section 1.148-7 of the Regulations.

"Stated Maturity," when used with respect to the Note or the Bonds or any installment of interest thereon, means any date specified in the Note or the Bonds as a fixed date on which the principal of the Loan or the Bonds or a portion thereof or such installment of interest is due and payable.

"Tenant Income Certification" means a certification as to income and other matters executed by the household members of each tenant in the Project, in substantially the form of Exhibit C attached hereto, or in such other form as reasonably may be required by the Issuer all in satisfaction of the requirements of Regulations Section 1.167(k)-3(b)(3) (prior to its withdrawal by T.D. 8473, April 27, 1993) and other regulations of the Issuer and as described in Section 4(b)(ii), including the Tenant Income Certification Form as set forth in Exhibit C.

"Transferred Proceeds" means, with respect to any portion of the Bonds that is a refunding issue, proceeds that have ceased to be proceeds of a refunded issue and are transferred proceeds of the refunding issue by reason of Section 1.148-9 of the Regulations.

"Unit" means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation located within the Project.

"Yield" means yield as determined in accordance with section 148(h) of the Code, and generally, is the yield which when used in computing the present worth of all payments of principal and interest to be paid on an obligation produces an amount equal to the Issue Price of such obligation.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender, and words of the singular number shall be construed to include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 1A. Acquisition, Construction and Equipping of the Project. The Owner hereby represents, as of the date hereof, covenants and agrees as follows;

- (a) The Owner has incurred, or will incur within six months after the Closing Date, a substantial binding obligation to commence the construction of Project Facilities, pursuant to which the Owner is or will be obligated to expend at least 5 percent of the Sale Proceeds of the Bonds.
- (b) The Owner's reasonable expectations respecting the total cost of the acquisition, construction and equipping of the Project are accurately set forth in the Federal 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 percent of the Sale Proceeds of the Bonds for Project Costs prior to the date that is three years after the Closing Date.
- (e) The statements made in the various certificates delivered by the Owner to the Issuer, Bond Counsel and/or the Trustee are true and correct in all material respects.
- (f) The Owner will submit, or cause to be submitted, to the Trustee, on or before the date of each disbursement of Proceeds of the Bonds from the Project Fund, if any, held by the Trustee under the Indenture, a requisition in substantially the form required by the Indenture, duly executed by an Owner Representative and certifying that the full amount of such disbursement will be applied to pay or to reimburse the Owner for the payment of Project Costs and that, after taking into account the proposed disbursement, the aggregate disbursements from the Acquisition Fund will have been applied to pay or to reimburse the Owner for the payment of Qualified Project Costs in an amount equal to 95 percent or more of the aggregate disbursements from such fund.
- (g) [Reserved].
- (h) The Owner (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the Proceeds of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the 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 and Trustee a Favorable Opinion of Bond Counsel to the effect that failure to comply with any such covenant or agreement, in whole or in part, will not adversely affect the exclusion from gross income for Federal income tax purposes of interest paid or payable on the Bonds:

(a) The Owner's use of the Net Proceeds of the Bonds shall at all times satisfy the following requirements:

(i) At least 95 percent of the Net Proceeds of the Bonds shall be used to pay Qualified Project Costs that are costs of a "qualified residential rental project" (within the meaning of sections 142(a)(7), 142(d) and 145(d) of the Code and section 1.103-8(b)(4) of the Regulations) and property that is "functionally related and subordinate" thereto (within the meaning of Sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) of the Regulations), all of which costs shall be properly chargeable to the Project's capital account or would be so chargeable either with a proper election by the Owner or but for a proper election by the Owner to deduct such amounts.

(ii) Less than 25 percent 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 percent 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 percent for 15 percent). 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 percent of the Sale Proceeds.

(v) The Owner shall not use or permit the use of any Net Proceeds of the Bonds or any income from the investment thereof to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(b) The Owner shall not take any action or omit to take any action with respect to the Gross Proceeds of the Bonds which, if taken or omitted, respectively, would cause any Bond to be classified as an "arbitrage bond" within the meaning of section 148 of the Code.

(c) Except as provided in the Indenture and the Loan Documents, the Owner shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money,

investment, or investment property as security for payment of any amounts due under the Loan Agreement relating to the Bonds, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of Bonds, unless prior to taking any action described in this subsection (c), the Owner has obtained and delivered to the Trustee a Favorable Opinion of Bond Counsel.

(d) The Owner shall not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest Gross Proceeds of the Bonds in any Investment (or to use Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Bonds to Stated Maturity, except as permitted by section 148 of the Code or as provided in the Tax Certificate dated the Closing Date delivered by the Issuer with respect to the Bonds.

(e) Except to the extent permitted by section 149(b) of the Code, neither the Issuer nor the Owner shall take or omit to take any action which would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(f) (i) Unless the Owner delivers a Favorable Opinion of Bond Counsel that the Owner does not need to comply with this subsection, the Owner shall cause to be delivered, to the Trustee, within 25 days after each Computation Date:

(A) a statement of the Rebate Amount as of such Computation Date; and

(B) (1) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any "previous rebate payments" made to the United States (as that term is used in the Regulations), or (2) if such Computation Date is the Final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount as of such Final Computation Date, less any "previous rebate payments" made to the United States (as that term is used in the Regulations); and

(C) an Internal Revenue Service Form 8038-T properly signed and completed as of such Computation Date.

The foregoing notwithstanding, the Owner shall not be required to deliver the foregoing to the Trustee if the Owner certifies that the Bonds are excepted from the requirements of section 148(f) of the Code.

(ii) If the Owner shall discover or be notified as of any date:

(A) that any amount required to be paid to the United States pursuant to this Section and the Indenture has not been paid as required; or

(B) that any payment paid to the United States pursuant to this Section the Indenture shall have failed to satisfy any requirement of

the Regulations (whether or not such failure shall be due to any default by the Owner or the Trustee),

the Owner shall

(X) deliver to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States from the Rebate Fund (I) the Rebate Amount that the Owner failed to pay, plus any interest, specified in the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (II) if such correction payment is not delivered to and received by the Trustee within 175 day after such discovery or notice, the amount determined in accordance with clause (I) of this subparagraph (X) plus the 50 percent penalty required by the Regulations; and

(Y) deliver to the Trustee an Internal Revenue Service Form 8038-T properly signed and completed as of such date.

(iii) The Owner shall retain all of its accounting records relating to the funds established under the Indenture and all calculations made in preparing the statements described in this Section for at least six years after the date the last Bond is discharged.

(iv) The Owner agrees to pay all of the reasonable and actual fees and expenses of the Rebate Analyst, charged at rates substantially similar to the rate by such party for work of this type which may be Bond Counsel, a certified public accountant and any other necessary consultant employed by the Owner or the Trustee in connection with computing the Rebate Amount.

(g) The Owner covenants and agrees that not more than 50 percent of the Proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code, and the Owner reasonably expects that at least 85 percent of the spendable Proceeds of the Bonds will be used to carry out the governmental purposes of such issue of Bonds within the three-year period beginning on the Closing Date.

(h) The Owner hereby covenants and agrees that the Project, will be operated as a "qualified residential rental project" within the meaning of sections 142(a)(7), 142(d), 145(d) of the Code and section 1.103-8(b)(4) of the Regulations, on a continuous basis during the longer of the Qualified Project Period or the period during which any Bond remains outstanding, to the end that the interest on the Bonds shall be excluded from gross income for federal income tax purposes. In particular, the Owner covenants and agrees, and will cause the manager to covenant and agree for the longer of the Qualified Project Period or the period during which any Bonds remain outstanding, as follows:

(i) The Project Facilities qualify as residential rental property and will be owned, managed and operated at all times during the term specified above as a qualified residential rental project comprised of residential dwelling units and facilities

functionally related and subordinate thereto, in accordance with section 142(d) of the Code;

(ii) The Project 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 will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Project tenants, such as swimming pools, other recreational facilities, parking areas, heating and cooling equipment, trash disposal equipment, units for resident managers, security personnel or maintenance personnel and other facilities that are reasonably required for the Project;

(iv) Each Unit in the Project will contain complete facilities for living, sleeping, eating, cooking and sanitation, e.g., a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator and sink, all of which will be separate and distinct from other Units;

(v) Each Unit in the Project will be rented or available for rental on a continuous basis to members of the general public at all times during the term specified above (unless occupied by or reserved for a resident manager, security personnel or maintenance personnel) and that the Owner will not give preference in renting Project Units to any particular class or group of persons, other than Low-Income Tenants as provided herein;

(vi) At no time during the term specified above will any Unit in any building or structure in the Project which contains fewer than five Units be occupied by the Owner;

(vii) At no time during the term specified above will any of the Units in the Project be utilized on a transient basis by being leased or rented for a period of less than thirty days or by being used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer park or trailer court;

(viii) The land and the facilities will be functionally related and subordinate to the Units comprising the Project and will be of size and character which is commensurate with the size and number of such Units; and

(i) The Owner hereby represents, covenants and agrees, continuously during the Qualified Project Period, as follows:

(i) Forty percent 40% of the Units (except for manager, security personnel and maintenance units that are reasonably required for the Project) (the "Set Aside") within the Project (and any other building which is comprised of similarly constructed Units, will be owned by the Owner for federal income tax purposes, will be located on the same or contiguous tract that is not separated from the Project except by a road, street,

stream, or similar property, and is financed by the Bonds) that are available for occupancy, including expiration or lawful termination of an existing lease, shall be occupied or held vacant and available for occupancy at all times by Low-Income Tenants. For the purposes of this subparagraph (i), a vacant Unit which was most recently occupied by a Low-Income Tenant is treated as rented and occupied by a Low-Income Tenant until reoccupied, at which time the character of such Unit shall be redetermined.

(ii) The Owner shall maintain complete and accurate records pertaining to Low-Income Tenants and file all documents as required by section 142(d) of the Code and this Agreement, including Tenant Income Certifications attached as Exhibit C hereto.

(iii) No tenant qualifying as a Low-Income Tenant shall be denied continued occupancy of a Unit in the Project because, after admission, such tenant's Anticipated Annual Income increases to exceed the qualifying limit for Low-Income Tenants; provided, however, that, should a Low-Income Tenant's Anticipated Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low-Income Tenant of the same family size and such Low-Income Tenant constitutes a portion of this Section, the next available Unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low-Income Tenant and such new Low-Income Tenant will then constitute a portion of the Set Aside requirement of paragraph (i) of this Section; and provided, further, that, until such next available Unit is rented to a tenant who is a Low-Income Tenant, the former Low-Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low-Income Tenant for purposes of the requirement of subparagraph (i) of this Section 2(i).

The parties hereto recognize that the requirements stated in Section 2(h) shall continue in effect until the termination of the Qualified Project Period or until no Bonds remain outstanding, whichever occurs later, and the requirements in this Section 2(i) shall continue in effect until the termination of the Qualified Project Period.

(j) The Owner further covenants and agrees to prepare and submit to the Trustee, no more than 60 days prior to the last day of the Qualified Project Period a certificate setting forth the date on which the Qualified Project Period will end, which certificate shall be in recordable form. The Issuer need not affirmatively consent to the termination of the covenants.

(k) Anything in this Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Owner in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Owner, and which is required to be noticed, represented or certified by the Owner hereunder or in connection with any filings, representations or certifications required to be made by the Owner in connection with the issuance and delivery of the Bonds.

(l) The Owner shall provide to the Trustee a certificate certifying (i) within 90 days thereof, the date on which ten percent (10%) of the Units in the Project are occupied; and (ii) within 90 days thereof, the date on which fifty percent (50%) of the Units in each Project are occupied.

Section 3. Modification of Tax Covenants. Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Agreement may not be amended, changed, modified, altered or terminated except as permitted in Section 19 and by the Indenture. Anything contained in this Agreement or the Indenture to the contrary notwithstanding, the Issuer, the Trustee and the Owner hereby agree upon the written request of one of the parties hereto, to amend this Agreement and, if appropriate, the Indenture and the Loan Agreement, to the extent required, in the opinion of Bond Counsel, in order for interest on the Bonds, to remain excludable from gross income for federal income tax purposes. The party requesting such amendment shall notify the other parties to this Agreement in writing of the proposed amendment and send a copy of such requested amendment to Bond Counsel. After review of such proposed amendment, Bond Counsel shall render to the Trustee, the Owner and the Issuer an opinion to the effect that such amendments are necessary and sufficient in order to enable compliance with the provisions of the Code such that the interest on the Bonds will remain excludable from gross income for purposes of Federal income taxation. The Owner shall pay all necessary fees and expenses incurred with respect to such amendment, including necessary reasonable and actual attorney's fees and expenses incurred by Bond Counsel in rendering such opinion. The Owner, the Issuer and, where applicable, the Trustee pursuant to written instructions from the Issuer, shall execute, deliver and, if applicable, the Owner shall file of record, any and all documents and instruments, including without limitation, an amendment to this Regulatory Agreement, necessary to effectuate the intent of this Section, and the Owner and the Issuer hereby appoint the Trustee as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Owner or the Issuer, as is applicable, any such document or instrument (in such form as may be approved by and upon instruction of Bond Counsel) if either the Owner or the Issuer defaults in the performance of its obligation under this Section; provided, however, that the Trustee shall take no action under this Section without first notifying the Owner or the Issuer, as is applicable, in writing of its intention to take such action and providing the Owner or the Issuer, as is applicable, ten (10) business days after such notice to comply with the requirements of this Section.

Section 4. Residential Development. The Issuer and the Owner hereby recognize and declare their understanding and intent that the Project is to be owned, managed and operated as a "residential development," as such term is defined in Section 394.003(13) of the Act, and in compliance with applicable restrictions and limitations as provided in the Act and the rules of the Issuer, until the expiration of the Qualified Project Period or for as long as any portion of the Bonds remains outstanding and unpaid, whichever is longer.

(a) The Owner hereby represents, as of the date hereof, and covenants and agrees for the term of this Regulatory Agreement that substantially all (at least 90%) of the Project dwelling units shall be rented to Eligible Tenants and that the Owner shall not rent or lease any unit in the Project to a person not an Eligible Tenant if such rental would cause less than 90% of the dwelling units in the Project to be rented to Eligible Tenants.

(b) The Owner hereby represents, covenants and agrees as follows:

(i) To assure that 40% of the occupied Units 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 three years following the end of the Qualified Project Period;

(iii) To obtain from each tenant in the Project, at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance that (A) such lease is subordinate to the Mortgage and this Regulatory Agreement, (B) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (C) the family income and eligibility requirements of this Agreement and the Loan Agreement are substantial and material obligations of tenancy in the Project, (D) such tenant will comply promptly with all requests for information with respect to such requirements from the Owner, the Trustee and the Issuer, and (E) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Project;

(iv) To cause to be prepared and submitted to the Issuer and the Trustee on the first day of the Qualified Project Period, and thereafter by the tenth calendar day of each March, June, September, and December, or a quarterly schedule as determined by the Issuer, a certified Compliance Monitoring Report and Occupancy Summary in a form attached hereto as Exhibit D or at the reasonable request of the Issuer in such other form provided by the Issuer from time to time;

(v) To the extent legally permissible to permit any duly authorized representative of the Issuer or the Trustee (without any obligation to do so) to inspect the books and records of the Owner pertaining to the Project or the incomes of Project tenants, including but not limited to tenant files, during regular business hours and to make copies therefrom if so desired and file such reports as are necessary to meet the Issuer's requirements; and

(vi) The Owner will obtain a Tenant Income Certification from each tenant at least annually after the tenant's initial occupancy or as otherwise directed by the Issuer in writing.

Section 5. [Reserved].

Section 6. Consideration. The Issuer has issued the Bonds to provide funds to make the Loan to finance the Project, all for the purpose, among others, of inducing the Owner to acquire, rehabilitate, equip and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 7. Reliance. The Issuer, the Trustee and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the excludability from gross income for purposes of Federal income taxation of the interest on the Bonds. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Low-Income Tenants and the Owner and upon audits of the books and records of the Owner pertaining to the Project. In addition, the Issuer, the Owner and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer, the Owner or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default by the Owner exists under this Regulatory Agreement, the Trustee shall not be required to conduct any investigation into or review of the operations or records of the Owner and may

rely on any written report, notice or certificate delivered to the Trustee by any Person retained to review the Owner's compliance with this Regulatory Agreement or by the Owner or the Issuer with respect to the occurrence or absence of a default unless it has actual knowledge that the report, notice or certificate is erroneous or misleading.

Section 8. Project in Austin, Texas. The Owner hereby represents that the Project is located entirely within Austin, Texas.

Section 9. Sale or Transfer of the Project. The Owner covenants and agrees not to sell, transfer or otherwise dispose of the Project prior to the expiration of the Qualified Project Period or the date on which the Bonds have been paid in full, whichever is later, without (i) complying with any applicable provisions of the Loan Documents and (ii) obtaining the prior written consent of the Issuer. Such consent of the Issuer shall not be unreasonably withheld or delayed and shall be given if all conditions to the sale set forth in this Regulatory Agreement are met or are waived in writing by the Issuer, including (1) there is delivered to the Trustee and the Issuer a written Opinion of Counsel satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the transferee has duly assumed all of the rights and obligations of the Owner under the Loan Documents and this Regulatory Agreement and that each of the documents executed by the transferee in connection therewith has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications, (2) the Issuer receives a Favorable Opinion of Bond Counsel, which opinion shall be furnished at the expense of the Owner or the transferee, regarding such sale, transfer or disposition, (3) the proposed purchaser or assignee executes any document reasonably requested by the Issuer with respect to assuming the obligations of the Owner under this Agreement and the Loan Agreement, and (4) the Issuer shall not have any reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Project, including but not limited to the Loan Agreement, the Mortgage and this Agreement. The Owner hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Project in violation of this subsection shall be ineffective to relieve the Owner of its obligations under this Agreement. Upon any sale, transfer or other disposition of the Project in compliance with this Agreement, the Owner so selling, transferring or otherwise disposing of the Project shall have no further liability for obligations under the Loan Agreement arising after the date of such disposition. The foregoing notwithstanding, the duties and obligations of the Owner as set forth in the Loan Documents with respect to matters arising prior to the date of such sale, transfer or other disposition shall not terminate upon the sale, transfer or other disposition of the Project. The foregoing restrictions on transfer shall not apply to foreclosures, deeds in lieu of foreclosure, transfer by exercise of the power of sale or other similar transfer. Any such sale or transfer shall be subject to the Issuer's multifamily rules.

Section 10. Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Mortgage, termination of the Loan Agreement and defeasance or termination of the Indenture.

The terms of this Regulatory Agreement to the contrary and notwithstanding, this Regulatory Agreement, the Loan Agreement and the Indenture shall terminate, without the requirement of any consent by the Issuer and the Trustee, and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions hereof, or foreclosure or transfer of title by deed in lieu of

foreclosure or exercise of the power of sale, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds are retired in full or amounts received as a consequence of such event are used to provide a qualified residential rental project which meets the requirements of the Code set forth in Sections 1A through 4 of this Regulatory Agreement and the Act. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or exercise of power of sale or similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for tax purposes. The Issuer shall not be required to consent to termination of this Regulatory Agreement for any reason other than those specified above.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Agreement in accordance with its terms. All costs, including reasonable and actual fees and expenses of the Issuer and the Trustee, incurred in connection with the termination of this Regulatory Agreement shall be paid by the Owner and its successors in interest.

Section 11. Covenants To Run With the Land. The Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer, the Trustee and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project; provided, however, that upon the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Regulatory Agreement shall impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Section 12. Burden and Benefit. The Issuer, the Trustee and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Issuer, the Trustee and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low-Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

Section 13. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 14. Default; Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Issuer or the Trustee to the Owner in accordance with the Indenture, then the Trustee, acting on its own behalf or on behalf of the Issuer, provided a responsible officer of the Trustee actually knows of such

default, shall declare an "Event of Default" to have occurred hereunder; provided, further, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Owner institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the tax-exempt status of interest on the Bonds. The Issuer and the Trustee agree that a cure of any Event of Default made or tendered by any partner or member of Owner shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if tendered by Owner.

Following the declaration of an Event of Default hereunder, the Trustee, subject to being indemnified to its satisfaction with respect to the costs and expenses of any proceeding, or the Issuer may, at its option, take any one or more of the following steps:

- (i) by mandamus or other suit, action or proceeding for specific performance, including injunctive relief, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;
- (ii) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project; and
- (iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder.

The Owner hereby agrees that specific enforcement of the Owner's agreements contained herein is the only means by which the Issuer and the Trustee may obtain the benefits of such agreements made by the Owner herein, and the Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Owner hereunder.

All rights and remedies herein given or granted to the Issuer and the Trustee are cumulative, nonexclusive and in addition to any and all rights and remedies that the Issuer and the Trustee may have or may be given by reason of any law, statute, ordinance, document or otherwise. Notwithstanding the availability of the remedy of specific performance provided for in this Section, promptly upon determining that a violation of this Regulatory Agreement has occurred, the Issuer shall to the extent that it has actual knowledge thereof, give written notice to the Trustee that a violation of this Regulatory Agreement has occurred.

Section 15. The Trustee. The Trustee shall act as specifically provided herein and in the Indenture. Subject to the right of the Trustee to be indemnified as provided in the Indenture, the Trustee shall act as the agent of and on behalf of the Issuer when requested in writing by the Issuer to do so, and any act required to be performed by the Issuer as herein provided shall be deemed taken if such act is performed by the Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and obligations of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article IX thereof, which are incorporated by reference herein. The incorporated provisions of the Indenture are intended to survive the retirement of the Bonds, discharge of the Mortgage, termination of the Loan Agreement and defeasance or termination of the Indenture.

Neither the Trustee nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence, bad faith, fraud or willful misconduct. No provision of this Regulatory Agreement shall

require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that the payment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Trustee shall examine all documents prepared by the Borrower and furnished to the Trustee to determine whether such documents conform on their face to the requirements of this Regulatory Agreement (which shall not require the Trustee to determine compliance with the resolutions herein). The Trustee shall notify the Issuer and Borrower in writing if the Trustee does not receive any document from the Borrower at the time required under this Regulatory Agreement or if such document does not conform on its face to the requirements of this Regulatory Agreement. The Trustee may conclusively rely on and shall be protected in acting or omitting to act in good faith upon the certificates and other writings, which conform to the requirements of this Regulatory Agreement, as the Trustee may receive in connection with the administration of its obligation hereunder and has no duty or obligation to make an independent investigation with respect thereto.

Section 16. Recording and Filing. The Owner shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of Travis County, Texas and in such other places as the Issuer or the Trustee may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording. This Agreement is subject to and subordinate to all matters of record as of the date hereof.

Section 17. Reimbursement of Expenses. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, throughout the term of this Regulatory Agreement, the Owner shall continue to pay to the Issuer and the Trustee reimbursement for all fees and expenses actually incurred thereby required to be paid to the Issuer and the Trustee by the Owner pursuant to the 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 Orange County, and only upon receipt by the Issuer, the Owner and the Trustee of a Favorable Opinion of Bond Counsel regarding such amendment.

Section 20. Notices. Any notice required to be given hereunder to the Issuer, the Trustee or the Owner shall be given in the manner and to the address as set forth in the Indenture.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. Authorization to Act for Issuer. To the extent allowed by law, the Issuer hereby authorizes the Owner to take on behalf of the Issuer all actions required or permitted to be taken by it

hereunder, or under the Indenture and the Loan Agreement and to make on behalf of the Issuer all elections and determinations required or permitted to be made by the Issuer hereunder or under the Indenture and the Loan Agreement. In addition, the Issuer hereby authorizes the Owner to exercise, on behalf of the Issuer, any election with respect to the Bonds pursuant to the Code or the Regulations, and the Issuer will cooperate with the Owner and execute any form of statement required by the Code or the Regulations to perfect any such election.

[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: Elizabeth A. Spencer

Title: Treasurer

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Name:
Title:

**AUSTIN COLORADO CREEK APARTMENTS,
L.P.,
a Texas limited partnership**

**By: Austin Colorado Creek GP, LLC, a Texas
limited liability company, its general partner**

*By: Strategic Housing Finance Corporation of
Travis County, a Texas housing finance
corporation, its sole member*

By: _____
Name: _____
Title _____

ACKNOWLEDGMENT

STATE OF TEXAS

§
§
§

COUNTY OF TRAVIS

This Regulatory Agreement was acknowledged before me on _____, 2016, by Elizabeth Spencer, 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 _____, 2016, by _____,
authorized signatory of WILMINGTON TRUST, NATIONAL ASSOCIATION.

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 TRAVIS

This instrument was acknowledged before me on _____, 2016, by Patrick Howard, the Executive Vice President of Strategic Housing Finance Corporation of Travis County, the sole member of Austin Colorado Creek GP, LLC, the general partner of Austin Colorado Creek Apartments, Ltd.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

Authorized Officer _____ the

EXHIBIT A

Legal Description for Title Commitment attached on next page.

EXHIBIT B

PROJECT AND OWNER

Owner: Austin Colorado Creek Apartments, L.P..

Project Site: Corner of TX 130 and SH 71, Austin TX: 240 Units

EXHIBIT C

TENANT INCOME CERTIFICATION

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Colorado Creek Apartments)
Series 2016

VERIFICATION OF INCOME

RE:

Apartment Number: _____ Building Number: _____ Square footage: _____

Number of Bedrooms: _____ Apartment Address (Corner of TX 130 and SH 71, Austin, Texas)

Initial Monthly Rent: \$ _____

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

1. Name of Members of the Household	2. Relationship to Head of Household	3. Age	4. Social Security Number	5. Place of Employment
_____	Head	_____	_____	_____
_____	Spouse	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

6. The anticipated income of all the above persons during the 12-month period beginning on the later of the date on which (a) the above persons first occupy the apartment or sign a lease with respect to the apartment or (b) such annual period commencing on the anniversary date of such date of first occupancy or the signing of a lease, including income described in (a) below, but excluding all income described in (b) below, is \$ _____.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below):

(i) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;

(ii) net annual income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization or capital indebtedness). (An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Include any withdrawal of cash or assets from the operation of a business or profession, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the above persons);

(iii) interest and dividends (include all income from assets as set forth in item 7(b) below and include any withdrawal of cash or assets from an investment, except to the extent the withdrawal is reimbursement of cash or assets invested by the above persons);

(iv) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;

(v) payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay;

(vi) any welfare assistance: if the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, include as income (a) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus (b) the maximum amount that the welfare assistance agency could in fact allow the above persons for shelter and utilities. (If the welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under clause (b) shall be the amount resulting from one application of the percentage);

(vii) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(viii) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household, spouse or other household member whose dependents are residing in the unit; and

(ix) any earned income tax credit to the extent it exceeds income tax liability.

(b) The following income is excluded from the amount set forth above:

(i) Income from employment of children (including foster children) under the age of 18 years;

(ii) Payment received for the care of foster children;

(iii) Lump-sum additions to household assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses;

(iv) Amounts received by the household that are specifically for, or in reimbursement of, the cost of medical expenses for any household member;

(v) Income of a live-in aide;

(vi) Amounts of education scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student. Any amount of such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included in income;

(vii) The special pay to a household member serving in the Armed Forces who is exposed to hostile fire;

(viii) (a) Amounts received under training programs funded by Housing and Urban Development ("HUD");

(b) Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency ("PASS");

(c) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(ix) Temporary, nonrecurring or sporadic income (including gifts); or

(x) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937.

7. If any of the persons described in column 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands, but including the value of any assets disposed of for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the previous two years), provide:

(a) the total value of all such assets owned by all such persons:

\$ _____; and

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$ _____.

8. (a) Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes ___ No

(b) (Complete only if the answer to Question 8(a) is "Yes.") Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes ___ No

We acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on bonds issued to finance construction of the apartment building for which application is being made. We consent to the disclosure of such information to the issuer of such bonds, the holders of such bonds, any trustee acting on their behalf and any authorized agent of the Treasury Department or Internal Revenue Service.

Date: _____

Head of Household

Spouse

STATE OF TEXAS §
 §
COUNTY OF _____ §

Subscribed, sworn to and acknowledged before me this _____ day of _____, 2011.

Notary Public of the State of Texas

(Notary Seal)

NOTE TO PROJECT OWNER: A vacant unit previously occupied by individuals or a family of very low income may be treated as occupied by individuals or a family of very low income until reoccupied (other than for a period of 31 consecutive days or less), at which time the character of the unit shall be redetermined.

FOR COMPLETION BY PROJECT OWNER ONLY:

I. Calculation of eligible income:

- (A) Enter amount entered for entire household in 6 above: \$ _____
- (B) If the amount entered in 7(a) above is greater than \$5,000, enter:
- (i) the product of the amount entered in 7(a) above multiplied by the current passbook savings rate as determined by HUD: \$ _____
- (ii) the amount entered in 7(b) above: \$ _____
- (iii) line (i) minus line (ii) (if less than \$0, enter \$0): \$ _____
- (C) TOTAL ELIGIBLE INCOME (line I(A) plus line I(B)(iii)): \$ _____

II. Qualification as individuals or a family of low income:

- (A) Is the amount entered in line 1(c) less than 60% of Median Income for the Area¹ with adjustments for smaller and larger families?
- Yes ____ No ____
- (B) (i) If line II(A) is "No," then the household does not qualify as individuals or a family of low income; skip to item III.
- (ii) If line II(A) above is "Yes" and 8(a) above is "No," then the household qualifies as individuals or a family of low income; skip to item III.
- (iii) If line II(A) above is "Yes" and 8(b) above is "Yes," then the household qualifies as individuals or a family of low income; skip to item III;

¹ "Median income for the Area" means the area median gross income as determined by the Secretary of the Treasury in a manner consistent with determinations of lower-income families and area median gross income under Section 8 of the United States Housing Act of 1937, including adjustments for family size or, if programs under Section 8 are terminated, area median gross income determined under the method in effect immediately before such termination.

(iv) If neither (ii) nor (iii) is applicable, then the household does not qualify as individuals or a family of low income.

III. (Check one)

The household does not qualify as individuals or a family of low income.

The household qualifies as individuals or a family of low income.

IV. Number of apartment unit assigned:
(enter here and on page 1)

V. Method used to verify applicant's income:

____ Employer income verification

____ Copies of tax returns

____ Other (_____)

Date: _____

**AUSTIN COLORADO CREEK
APARTMENTS, LTD.,**
a Texas limited partnership

By: Austin Colorado Creek GP, LLC,
a Texas limited liability company, its general
partner

By: Strategic Housing Finance
Corporation of Travis County,
a Texas housing finance corporation, its sole
member

By: _____
Name: _____
Title: _____

EXHIBIT D

COMPLIANCE MONITORING REPORT

TO: Austin Housing Finance Corporation
c/o Program Manager
P.O. Box 1088
Beaumont, Texas 77701

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Colorado Creek Apartments)
Series 2016

Austin Colorado Creek Apartments, L.P. (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 Colorado Creek Apartments (the "Project").
3. The Project was financed, in substantial part, as a result of the indirect loan of the proceeds of the Bonds.
4. The undersigned and the Owner have read and are thoroughly familiar with the provisions of (1) the Regulatory Agreement and Land Use Restriction Agreement (the "Regulatory Agreement"), dated as of March 1, 2016, among the Owner, Austin Housing Finance Corporation (the "Issuer") and WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee (the "Trustee"); and (2) the Loan Agreement, dated as of March 1, 2016, 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.

**AUSTIN COLORADO CREEK
APARTMENTS, LTD.,**
a Texas limited partnership

By: Austin Colorado Creek GP, LLC,
a Texas limited liability company, its general
partner

By: Strategic Housing Finance
Corporation of Travis County,
a Texas housing finance corporation, its sole
member

By: _____
Name: _____
Title: _____

OCCUPANCY SUMMARY
AS OF _____

Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Colorado Creek Apartments)
Series 2016

PROJECT NAME: COLORADO CREEK APARTMENTS

PROJECT LOCATION: Corner of TX 130 and SH 71, Austin TX

I.D.#:

Page __ of

TOTAL NO. UNITS: ____ REQ'D NO. LOW INCOME UNITS:

TOTAL UNITS OCCUPIED:

TOTAL LOW INCOME OCCUPIED:

(PERCENTAGE: %)

PREPARED AND SUBMITTED BY:

Phone: _____

Date: _____

Number of Low Income Tenants commencing occupancy this month/quarter:

Number of Low Income Tenants whose Adjusted Income exceeded 140% of the applicable income limit
for a Low Income Tenant of the same family size this month/quarter:

Number of Low Income Tenants terminating occupancy this month/quarter:

For Period _____ through _____