

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS

AUSTIN HOUSING FINANCE CORPORATION

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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 MARCH, 2021, via teleconference, and the roll was called of the duly constituted officers and members of said Board, to wit:

Steve Adler, President
Natasha Harper-Madison, Member
Vanessa Fuentes, Member
Sabino Renteria, Member
Gregorio Casar, Member
Ann Kitchen, Member
Mackenzie Kelly, Member
Leslie Pool, Member
Paige Ellis, Member
Kathryn B. Tovo, Member
Alison Alter, Member

and all of said persons were present, 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 TAX-EXEMPT MORTGAGE-BACKED BONDS (CITY HEIGHTS APARTMENTS) (M-TEBS) SERIES 2021; 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: 3

ABSTENTIONS: 1

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


Secretary, Board of Directors


President, Board of Directors

RESOLUTION NO. 20210325-AHFC004

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF MULTIFAMILY TAX-EXEMPT MORTGAGE-BACKED BONDS (CITY HEIGHTS APARTMENTS) (M-TEBS) SERIES 2021; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS; AUTHORIZING REPRESENTATIVES OF THE AUSTIN HOUSING FINANCE CORPORATION TO EXECUTE DOCUMENTS; AND APPROVING RELATED MATTERS

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

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

WHEREAS, the Board of Directors of the Issuer (the "Board") has determined to authorize the issuance of the Issuer's Multifamily Tax-Exempt Mortgage-backed Bonds (City Heights Apartments) (M-TEBS) Series 2021 (the "Bonds"), in one or more series in accordance with the terms of a Trust Indenture (the "Indenture") by and among the Issuer and the Trustee named in the Indenture (the "Trustee"), to obtain funds to finance the Project (defined below); and

WHEREAS, the Issuer desires to use the proceeds of the Bonds to finance the costs of development 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 Financing Agreement (the "Financing Agreement") in which the Issuer will agree to lend funds to the Borrower to enable the Borrower to finance the Project; and

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

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

WHEREAS, the Board has further determined that the Issuer will deliver the Bonds to Wells Fargo Securities ("Underwriter") under a bond purchase agreement ("Bond Purchase Agreement"); and

WHEREAS, the Board has examined proposed forms of the Indenture, the Financing Agreement, the Regulatory Agreement and the Bond Purchase Agreement all of which are attached

to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained to be true, correct and complete; and has determined to authorize the issuance of the Bonds, the execution and delivery of the documents and the taking of such other actions as may be necessary or convenient in connection with this transaction;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE AUSTIN HOUSING FINANCE CORPORATION:

Section 1.1 - Issuance, Execution and Delivery of the Bonds. The issuance of the Bonds is authorized in accordance with the conditions in the Indenture, and, upon execution and delivery of the Financing Agreement, 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 Purchasers. The maturity date for the Bonds will not exceed the latest date allowed under Texas law. The interest rate for the Bonds will not exceed the maximum amount allowed under Texas law and the aggregate principal amount of Bonds will not exceed \$22,000,000 in the aggregate.

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

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

Section 1.4 - Approval, Execution, and Delivery of the Bond Purchase Agreement. The sale of the Bonds is approved, the form and substance of the Bond Purchase Agreement are approved in substantially final form solely with respect to the Bonds, and the authorized representatives of the Issuer named in this resolution each are authorized to execute and attest to the Bond Purchase Agreement, and to deliver the Bond Purchase Agreement to the Borrower and the Underwriter.

Section 1.5 - Approval of Issuer Information for Official Statement. The Board authorizes the use of the information pertaining to the Issuer therein in the form that has been presented to the Board at the meeting at which this Resolution was adopted; provided that, by

adoption of this Resolution the Issuer does not accept responsibility for the content of the Official Statement except for the information specifically approved by this Section.

Section 1.6 - 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 1.7 - 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 - Financing Agreement

Exhibit C - Regulatory Agreement

Exhibit D - Bond Purchase Agreement

Exhibit E - Official Statement Issuer Information

Section 1.8 - Power to Revise Form of Documents. The authorized representatives of the Issuer named in this Resolution each are authorized to approve such revisions in the form of the documents attached hereto as may be acceptable to such authorized representative or authorized representatives, following consultation with McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Issuer, with such approval to be evidenced by the execution of such documents by the authorized representatives of the Issuer named in this Resolution.

Section 1.9 - Authorized Representatives. The President, Vice President, Treasurer, Secretary and Manager each is hereby named as an authorized representative of the Issuer, acting alone, for purposes of executing, attesting, affixing the Issuer's seal to, and delivering the documents and instruments referred to herein.

Section 2.1 - Meeting. The meeting at which this Resolution was adopted was held on March 25, 2021 and a quorum was present. Such meeting was held in accordance with the requirements of applicable law and Issuer's bylaws.

Exhibit A

Indenture

INDENTURE OF TRUST

Between

AUSTIN HOUSING FINANCE CORPORATION,
As Issuer

and

WELLS FARGO BANK, N.A.,
As Trustee

Dated as of [DATE]

Securing

[\$[Par Amount]

AUSTIN HOUSING FINANCE CORPORATION
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) SERIES 2021

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INDENTURE OF TRUST

This INDENTURE OF TRUST, made and entered into as of _____, 2021, by and between AUSTIN HOUSING FINANCE CORPORATION (together with its successors and assigns, the “Issuer”), a housing finance corporation, duly organized and existing under the laws of the State of Texas, and WELLS FARGO BANK, N.A., a national banking association organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, including such entity’s successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee hereunder (the “Trustee”);

W I T N E S S E T H:

WHEREAS, by virtue of the authority of the laws of the State of Texas (the “State”), and particularly the provisions of Chapter 394, Texas Local Government Code, as amended (the “Act”), the Issuer is authorized to make loans to finance the cost of a “development” (as defined in the Act) and to issue bonds, notes or other evidences of indebtedness from time to time for such purposes; and

WHEREAS, in order to provide the funds necessary for the acquisition, construction, rehabilitation and equipping of the Project (as hereinafter defined, along with any other capitalized term used but not defined in the Recitals or Granting Clauses of this Indenture, in Section 1.01), the Issuer has, pursuant to the Act, authorized the issuance of its Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS) (City Heights Apartments) Series 2021 (the “Bonds”), in the principal amount of \$[Par Amount]; and

WHEREAS, pursuant to the Financing Agreement dated as of the date hereof (the “Financing Agreement”) among the Issuer, the Trustee and MHP City Heights, Ltd. (the “Borrower”), the Issuer will use the proceeds of the Bonds to make a loan to the Borrower, evidenced by a promissory note (the “Bond Loan Note”), to finance the acquisition, construction and equipping of the Project; and

WHEREAS, to assist in the financing of the Project, the Borrower will cause the Eligible Funds to be periodically delivered to the Trustee for deposit into the Collateral Fund as security for the Bonds prior to the MBS Delivery Date (as hereinafter defined); and

WHEREAS, pursuant to the Financing Agreement, the Borrower has agreed, among other things, to (a) make payments on the Bond Loan Note, (b) make payments on the Mortgage Note (as hereinafter defined), and (c) pay all required fees associated with the Bonds and the Permanent Loan (as hereinafter defined); and

WHEREAS, to assist in financing the Project, at the direction of the Borrower, amounts on deposit in the Collateral Fund and, to the extent amounts in the Collateral Funds are insufficient, amounts in the Bond Proceeds Fund, will be used on the MBS Delivery Date to acquire the MBS (as hereinafter defined) from Fannie Mae, which MBS will be backed by a mortgage loan (the “Permanent Loan”) from Wells Fargo Multi Family Capital (the “Permanent Lender”) to the

Borrower as evidenced by a multifamily note (the “Mortgage Note”) and secured by the Mortgage (as hereinafter defined); and

WHEREAS, the MBS is to be held in trust by the Trustee and pledged under the terms of this Indenture to secure payment of the Bonds; and

WHEREAS, the Issuer has authorized the execution of this Indenture in order to secure the payment of the principal of, premium, if any, and interest on the Bonds and the observance of the covenants and conditions herein contained; and

WHEREAS, the Issuer has determined that all things necessary to make the Bonds, when executed and delivered by the Issuer and authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the MBS Revenues (as hereinafter defined) and other amounts pledged to the payment of the principal of, premium, if any, and interest on the Bonds and a valid and binding agreement for the uses and purposes herein set forth, have been duly taken, and the creation, execution and delivery of this Indenture and the creation, execution and delivery of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

The Issuer, in order to secure the payment of the principal of, the premium, if any, and the interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, does hereby grant, bargain, sell, warrant, convey, confirm, assign, transfer in trust, grant a security interest in, pledge and set over unto the Trustee, the property of the Issuer, real and personal, hereinafter described, for the benefit of the Bondholders, subject only to the provisions hereof permitting the application thereof for or to the purposes and on the terms and conditions set forth herein (said property being herein sometimes referred to as the “Trust Estate”):

GRANTING CLAUSES

I.

All right, title and interest of the Issuer in and to (a) amounts on deposit in the Bond Proceeds Fund (as hereinafter defined) to be funded on the Closing Date (as hereinafter defined) in an amount equal to the principal amount of the Bonds, (b) amounts on deposit in the Revenue Fund (as hereinafter defined) (including but not limited to the Negative Arbitrage Account thereof (as hereinafter defined)), and (c) amounts on deposit in the Collateral Fund;

II.

(a) 100% of the beneficial ownership interest in the MBS, if the MBS is issued by Fannie Mae and acquired by the Trustee, and (b) all MBS Revenues;

III.

All right, title and interest of the Issuer now owned or hereafter acquired in, to and under the Financing Agreement and the Regulatory Agreement (as hereinafter defined), except Reserved Rights (as hereinafter defined); and

IV.

All other funds, accounts and property which by the express provisions of this Indenture is required to be subject to the lien hereof, and any additional property that, from time to time, by delivery or by writing of any kind, may be subjected to the lien hereof, by the Issuer or by anyone on its behalf, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder; provided, however, that the Trust Estate shall not include amounts on deposit in the Rebate Fund;

TO HAVE AND TO HOLD all and singular with all privileges and appurtenances hereby given, granted, bargained, sold, conveyed, assigned, pledged, mortgaged and transferred or agreed or intended so to be, whether now owned or hereafter acquired, including any and all additional property that by virtue of any provision hereof or of any indenture supplemental hereto shall hereafter become subject to this Indenture and to the trusts hereby created, unto the Trustee and its successors in trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of the registered owners from time to time of any of the Bonds authenticated and delivered under this Indenture and issued by the Issuer and Outstanding, without preference, priority or distinction as to lien, or otherwise of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or of any other cause, and for the benefit of Fannie Mae as herein provided;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay, cause to be paid or make provision for payment to the Trustee of all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect;

AND IT IS HEREBY COVENANTED that all of the Bonds shall be issued, authenticated and delivered, and that the Trust Estate shall be held by the Trustee, subject to the further

covenants, conditions, uses and trusts hereinafter set forth, and the Issuer agrees and covenants with the Trustee and with the registered owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the following meanings:

“Act” has the meaning given to such term in the Recitals hereto.

“Actual/360” means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Bonds by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

“Attesting Officer” means such officer or official of the Issuer who in accordance with the Resolution, the laws of the State, the bylaws or other governing documents of the Issuer or practice or custom, regularly certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“Authorized Borrower Representative” means any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person’s authority to act in such capacity. The initial Authorized Borrower Representative is _____.

“Authorized Denomination” means \$1,000 or any integral multiple of \$1.00 in excess thereof.

“Authorized Officer” means (a) any member of the Board of Directors of the Issuer or any other person designated to act on behalf of the Issuer by the Resolution, and (b) any Vice President or Assistant Vice President of the Trustee having regular responsibility for corporate trust matters.

“Bankruptcy Code” means the Federal Bankruptcy Code, Title 11 of the United States Code.

“Beneficial Owner” means the purchaser of a beneficial interest in the Bonds.

“Bond” or “Bonds” means the Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS) (City Heights Apartments) Series 2021 in the principal amount of \$_____ authorized under and secured by this Indenture and issued pursuant to this Indenture.

“Bond Counsel” means an attorney at law or a firm of attorneys of recognized expertise in the field of federal income tax matters relating to municipal securities selected by the Issuer and acceptable to the Trustee.

“Bond Dated Date” means _____ 1, 20__.

“Bond Loan Note” means the promissory note dated the Closing Date from the Borrower to the Issuer and assigned by the Issuer to the Trustee on the Closing Date, in substantially the form attached as an exhibit to the Financing Agreement, together with any amendments, supplements or modifications thereto.

“Bond Maturity Date” means _____ 1, 20__; provided that the final payment of principal with respect to the MBS will be made on _____ 25, 20__ and will be passed through to the Bondholders on the next Business Day.

[“Bond Premium Escrow Fund” means the Fund of that name created and so designated by Section 5.02 hereof.]

“Bond Proceeds Fund” means the Fund of that name established by Section 5.02 hereof.

[“Bond Proceeds Account” means the Account of that name within the Bond Premium Escrow Fund created and so designated by Section 5.02 hereof.]

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated _____, 2021, among the Underwriter, the Issuer and the Borrower.

“Bond Register” means the registration books of the Issuer maintained by the Trustee as provided in this Indenture on which registration and transfer of the Bonds is to be recorded.

“Bond Registrar” has the meaning given to such term in Section 2.08 hereof.

“Bondholder” or “holder” or “owner” of any Bond or any similar term shall mean the person in whose name any Bond is registered.

“Book-Entry Bonds” means the Bonds for which a Depository or its Nominee is the Bondholder.

“Borrower” has the meaning given to such term in the Recitals hereto.

“Business Day” means any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent for the MBS is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a securities account is located if the related withdrawal is being made from that securities account, and, with respect to the Bonds, any such day that is also a day on which the Trustee is open for business.

“Cash Flow Projection” shall mean cashflow projections prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, establishing, to the satisfaction of the Rating Agency, as applicable, (1) that (a) the amounts on deposit with the Trustee in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund, (b) projected investment income to accrue on amounts on deposit in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower are sufficient to pay (i) amounts due and payable on the Bonds on each Payment Date and (ii) the MBS Purchase Price on the MBS Delivery Date, including in the event that the Trustee intends to sell or otherwise dispose of Eligible Investments prior to maturity at a price below par, as described in Section 5.13 hereof, (iii) the release of Excess Funds from the Negative Arbitrage Account, as provided in Section 5.05 hereof and (iv) the purchase sale or exchange of Eligible Investment as provided in Section 5.13 hereof and (2) if requested by the Trustee, the Cash Value as set forth in Section 2.16 hereof. The cost and expense of obtaining such Cash Flow Projections shall be the sole responsibility of the Borrower.

“City of Austin Loan” means the loan to be made from the City of Austin to the Borrower in the principal amount of _____.

“Closing Date” means _____, 2021.

“Code” means the United States Internal Revenue Code of 1986, as amended, and the Regulations thereunder, or any successor statute, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Treasury Department or Internal Revenue Service of the United States.

[“Collateral Account” means the Account of that name within the Bond Premium Escrow Fund created and so designated by Section 5.02 hereof.]

“Collateral Fund” means the Fund created and so designated in Section 5.02 hereof.

“Construction Lender” means _____.

“Construction Loan” means the loan made from the Construction Lender to the Borrower in the original principal amount of \$_____.

“Construction Loan Documents” means the documents executed and delivered in connection with the Construction Loan, including, without limitation, the promissory note and mortgage evidencing the Construction Loan.

“Conversion Date” has the meaning set forth for such term in the Fannie Mae Forward Commitment and as set forth in a notice of the occurrence thereof delivered by the Permanent Lender to the Trustee.

“Costs of Issuance” means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code. For example, “issuance costs” include the following costs, but only to the extent incurred in connection with,

and allocable to, the borrowing: Underwriter's fee; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

"Costs of Issuance Deposit" means the amount deposited on the Closing Date into the Costs of Issuance Fund.

"Costs of Issuance Fund" means the Fund created and so designated in Section 5.02 hereof.

"Counsel's Opinion," "Opinion of Counsel," or "Opinion" means a written opinion, including opinions supplemental thereto, signed by an attorney or firm of attorneys (who may be counsel for the Issuer, the Borrower or Fannie Mae) acceptable to the Trustee.

"Depository" means, initially, DTC and any replacement securities depository appointed under this Indenture.

"DTC" means The Depository Trust Company, New York, New York.

"Electronic Means" means a facsimile transmission or any other electronic means of communication approved in writing by Fannie Mae.

"Eligible Funds" means:

- (a) the proceeds of the Bonds or any other amounts received by the Trustee from the Underwriter;

- (b) moneys drawn on a letter of credit;

- (c) moneys received by the Trustee representing advances to the Borrower of proceeds of the Construction Loan, the Permanent Loan, and the City of Austin Loan;

- (d) any other amounts for which the Trustee has received an Opinion of Counsel to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

- (e) any payments held by the Trustee for a continuous period of 123 days, provided that no act of bankruptcy with respect to the Borrower has occurred during such period; and

- (f) investment income derived from the investment of the money described in (a) through (e) above.

“Eligible Investments” means, subject to the provisions of Section 5.13 hereof, any of the following obligations which mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; and

(b) Shares or units in any money market mutual fund rated “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by the Rating Agency for that general category of security) including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America.

“Event of Default” means any occurrence or event specified in Section 8.01 hereof.

“Excess Funds” means an amount, calculated by a Cash Flow Projection, equal to the excess of (i) the sum of (a) the amounts on deposit in the Negative Arbitrage Account and (b) projected investment income to accrue on amounts on deposit in such account over (ii) the aggregate Bond payments, when due and payable on the Bonds.

“Extension Deposit” means the deposit of Eligible Funds described in Sections 3.04 and 5.05(b) hereof.

“Extraordinary Issuer Fees and Expenses” means the expenses and disbursements payable to the Issuer under this Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Issuer, Bond Counsel and counsel to the Issuer which are to be paid by the Borrower pursuant to Section 4.02 of the Financing Agreement.

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

“Extraordinary Trustee Fees and Expenses” means the expenses and disbursements payable to the Trustee under this Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Trustee and the Trustee’s counsel which are to be paid by the Borrower pursuant to Section 4.02 of the Financing Agreement.

“Fannie Mae” means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., § 1716 et seq., and its successors.

“Fannie Mae Certificate” means a guaranteed mortgage pass-through Fannie Mae mortgage backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Fannie Mae, and backed by the Permanent Loan.

“Fannie Mae Forward Commitment” means the Fannie Mae Forward Commitment, dated as of [DATE], entered into between the Permanent Lender and Fannie Mae, as the same may be amended from time to time.

“Financing Agreement” has the meaning given to such term in the Recitals hereto.

“Financing Documents” means the Financing Agreement, the Regulatory Agreement, the Tax Certificate, this Indenture, the Bond Loan Note and the Bond Purchase Agreement.

“Fund” or “Account” means a fund or account created by or pursuant to this Indenture.

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

“Highest Rating Category” means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below “Aaa” or “Aaa/VMIG 1” if rated by Moody’s or “A-1+” or “AA+” if rated by S&P.

“Indenture” means this Indenture of Trust as it may from time to time be amended, modified or supplemented by Supplemental Indentures.

“Initial Termination Date” means _____, 20__.

“[Investor Limited Partner][Investor Member]” means [INVESTOR], as nominee, and its successors and/or assigns.

“Issuer” has the meaning given to such term in the Recitals hereto.

“Issuer Fees and Expenses” means, collectively, the Ordinary Issuer Fees and Expenses and the Extraordinary Issuer Fees and Expenses. The Issuer Fees and Expenses shall be payable by the Borrower, and not from funds pledged to the benefit of the Trust Estate.

“Lender” means, prior to the Conversion Date, the Construction Lender, and after the Conversion Date, the Permanent Lender.

“Mandatory Redemption Date” means any date on which the Bonds are subject to mandatory redemption pursuant to Section 3.01 hereof, as such date may be extended pursuant to Section 3.04 hereof.

“MBS” shall mean the Fannie Mae Certificate identified in Section 4.01 hereof that is pledged by the Issuer to the Trustee pursuant to this Indenture.

“MBS Dated Date” means the 1st day of the month in which the MBS is delivered.

“MBS Delivery Date” means the date on which the Trustee receives the MBS backed by the Permanent Loan, which shall occur not later than the MBS Delivery Date Deadline.

“MBS Delivery Date Deadline” means _____, 20__, or, if such day is not a Business Day, the following Business Day, as such date may be extended pursuant to Section 3.04 hereof.

“MBS Factor” means the applicable factor posted by Fannie Mae (as of the Closing Date, on Fannie Mae’s website through DUS Disclose at <https://mfdusdisclose.fanniemae.com/#/home>) on the MBS from time to time as the Mortgage Loan amortizes, which represents the percentage of the original balance of the MBS that is outstanding as of a given date.

“MBS Purchase Price” means the principal amount outstanding on the Permanent Loan as of the MBS Delivery Date plus accrued interest on the MBS from the MBS Dated Date to the MBS Delivery Date at the Pass-Through Rate.

“MBS Revenues” means all payments made under and pursuant to the MBS.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, that assigns credit ratings.

“Mortgage” means the Multifamily Deed to Secure Debt, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of the Conversion Date, together with all riders and exhibits, securing the Permanent Loan, executed by the Borrower in favor of the Issuer, as the same may be amended from time to time.

“Mortgage Note” means the instrument amending and restating the Bond Loan Note and evidencing the obligation to repay the Permanent Loan, dated the Conversion Date, if such Permanent Loan is originated, as the same may be amended from time to time.

“Multifamily Loan and Security Agreement” means the [Multifamily Loan and Security Agreement] executed by the Borrower and dated the Conversion Date, if such agreement is entered into.

“Negative Arbitrage Account” means the Negative Arbitrage Account of the Revenue Fund created pursuant to Section 5.02 hereof.

“Negative Arbitrage Deposit” means Eligible Funds in the amount of \$_____ to be deposited on the Closing Date into the Negative Arbitrage Account as set forth in Section 5.04 hereof.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant hereto.

“Officer’s Certificate” means a certificate signed by an Authorized Officer or, if such certificate pertains to official action taken by the Issuer or official records of the Issuer, by an Attesting Officer.

“Ordinary Issuer Fees and Expenses” shall mean (i) the Issuer’s issuance fee in the amount of .50% of the original principal amount of the Bonds, payable by the Trustee to the Issuer on or before the Closing Date, and (ii) the annual fee of the Issuer equal to greatest of (x) \$1,200 or (y) \$12 per rental unit or (z) .03% of the principal balance of the Bonds Outstanding. The annual fee shall be paid in advance, initially at closing for the two years ending June 1, 2023, and thereafter on June 1 of each year until the Bonds are no longer Outstanding (but not before 15 years after the commencement of the Qualified Project Period).

“Ordinary Services” and “Ordinary Expenses” mean those services normally rendered, and those expenses normally incurred, by an issuer or a trustee under instruments similar to this Indenture.

“Ordinary Trustee Fees and Expenses” means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under this Indenture, payable annually in advance on the Closing Date and on each _____ in the amount of \$_____ (together with an acceptance fee of \$_____ payable upon execution of this Indenture); provided, however, the amount of Ordinary Trustee Fees and Expenses payable under this Indenture is limited to money withdrawn from the Costs of Issuance Fund and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to Section 4.02 of the Financing Agreement. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid directly by the Borrower pursuant to Section 4.02 of the Financing Agreement.

“Outstanding” means, when used with respect to the Bonds and as of any date, all Bonds theretofore authenticated and delivered under this Indenture except:

- (a) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) any Bond for the payment or redemption of which either (i) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) specified types of Eligible Investments or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of Sections 3.01 and 3.03, shall have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, as to which a redemption notice shall have been given or provided for in accordance with Section 3.02, and

(c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to this Indenture.

“Participant” means a member of, or a participant in, the Depository.

“Pass-Through Rate” means _____% per annum.

“Payment Date” means (i) the 26th day of the month following the month in which the Closing Date occurs and the 26th day of each month thereafter, or the next succeeding Business Day if such 26th day is not a Business Day, until and including the 26th day of the month in which the MBS Delivery Date occurs, (ii) commencing in the first month immediately following the month in which the MBS Delivery Date occurs, the Business Day immediately after the date of receipt by the Trustee of a payment received on the MBS and (iii) with respect to any redemption in lieu of an exchange of the Bonds for the MBS pursuant to Section 3.01 hereof, the day on which the Trustee receives funds pursuant to the transfer of the applicable amount of the MBS to or upon the order of the Issuer. The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Bond Maturity Date.

“Permanent Lender” has the meaning given to such term in the Recitals hereto.

“Permanent Loan” means the interest-bearing loan for multifamily housing relating to the Bonds, if originated on the Conversion Date, which is evidenced by the Mortgage Note and secured by the Mortgage and the Multifamily Loan and Security Agreement.

“Permanent Loan Amortization Schedule” means the mortgage loan amortization schedule delivered to the Trustee on the Closing Date, as may be subsequently modified by the Permanent Lender on the Conversion Date.

“Permanent Loan Documents” means, collectively, the Mortgage Note, the Mortgage, the Multifamily Loan and Security Agreement, and all other documents, agreements and instruments delivered on the Conversion Date and evidencing, securing or otherwise relating to the Permanent Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. Neither the Financing Agreement nor the Regulatory Agreement is a Permanent Loan Document and neither document is secured by the Mortgage.

[“Premium” means the amount of bond premium derived from the sale of the Bonds, equal to \$_____, for deposit into the Bond Premium Escrow Fund as set forth in Section 5.04 hereof.]

“Project” means the multifamily rental housing development, known as City Heights Apartments, located in Austin, Texas, on the site described in the Mortgage.

“Project Costs” means the following costs of the Project:

(a) Costs incurred directly or indirectly for or in connection with the acquisition (including the acquisition of a fee simple interest), construction, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning

and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work and insurance.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the construction period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the limitations set forth in the Tax Certificate, Costs of Issuance, including, financial, legal, accounting, cash flow verification, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee properly incurred under the Indenture that may become due and payable during the construction period.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, construction, rehabilitation, improvement and equipping of the Project.

(g) Payment of interest on the Bonds during the construction period.

“Rating Agency” means Moody’s, S&P or any other nationally recognized securities rating agency rating the Bonds, or such rating agency’s successors or assigns, and initially means Moody’s so long as Moody’s is rating the Bonds.

“Rating Category” means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

“Rebate Amount” means, with respect to the Bonds, the amount of rebatable arbitrage as computed in accordance with the Code.

“Rebate Analyst” means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a financial institution (which may include the Trustee) 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 Certificate. Initially, the Rebate Analyst will be Tiber Hudson LLC.

“Rebate Fund” means the Fund created and so designated in Section 5.02 hereof.

“Record Date” means the close of business on the last Business Day of the calendar month immediately preceding each Payment Date.

“Redemption Price” means the amount required to be delivered to pay principal of, interest on, and redemption premium, if any, in connection with a redemption of the Bonds in accordance with the provisions of Article III hereof.

“Regulations” means the Income Tax Regulations promulgated or proposed under the Code by the Department of the Treasury, as the same may hereafter be amended, including without limitation regulations promulgated by the Department of the Treasury to implement the requirements of Section 148 of the Code.

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants relating to the Project, dated as of _____, 2021, by and among the Issuer, the Trustee and the Borrower, as it may be amended, supplemented or restated from time to time.

“Representation Letter” has the meaning given to such term in Section 2.12 hereof.

“Reserved Rights” means those certain rights of the Issuer under the Financing Documents to which the Issuer is a party to indemnification and to payment or reimbursement of fees and expenses of the Issuer, its right to receive notices and to enforce notice and reporting requirements, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys’ fees and related expenses, its right to specifically enforce the Borrower’s covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer, if any), and its right to give or withhold consent to amendments, changes, modifications and alterations to the Financing Documents relating to the Reserved Rights.

“Resolution” means the resolution of the Issuer adopted on _____, 2021, authorizing the issuance and sale of the Bonds.

“Revenue Fund” means the Fund created and so designated in Section 5.02 hereof.

“S&P” means S&P Global Ratings, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, that assigns credit ratings.

“State” has the meaning given to such term in the Recitals hereto.

“Substitute Depository” means a securities depository appointed as successor to DTC hereunder.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee amending or supplementing this Indenture in accordance with the provisions hereof.

“Tax Certificate” means the Tax Certificate and Agreement executed by the Issuer and the Borrower, as amended, supplemented or otherwise modified from time to time.

“Termination Date” means (i) initially, the Initial Termination Date, and (ii) if the Borrower exercises its extension option, _____ 1, 20__, in accordance with the Fannie Mae

Forward Commitment and as set forth in a notice of the occurrence of such extension delivered by the Lender to the Trustee, subject to such additional extensions which have not been considered or agreed upon but may nevertheless be granted in the sole discretion of Fannie Mae.

“Trust Estate” means all the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses hereof.

“Trustee” has the meaning given to such term in the Recitals hereto.

“Trustee Fees and Expenses” means, collectively, the Ordinary Trustee Fees and Expenses and the Extraordinary Trustee Fees and Expenses.

“Underwriter” means Wells Fargo Bank, National Association.

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include the correlative words of other genders.

(b) Except as otherwise stated herein, all references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of this Indenture or describe the scope or intent of any provisions hereof.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

(e) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent” or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature.

(f) The parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Indenture and the Financing Agreement. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Indenture or the Financing Agreement or any amendment or supplement or exhibit hereto or thereto.

(g) Whenever Fannie Mae is required to give its consent or approval to any matter, whether stated as “consent,” “written consent,” “prior written consent,” “approval,” “written approval,” “prior written approval” or otherwise, the giving of such consent or approval by Fannie Mae shall be in its sole and complete discretion.

(h) Whenever Fannie Mae shall have any right or option to exercise any discretion, to determine any matter, to accept any presentation or to approve or consent to any matter, such exercise, determination, acceptance, approval or consent shall, without exception, be in Fannie Mae’s sole and absolute discretion.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds. Bonds of the Issuer, to be entitled Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS) (City Heights Apartments) Series 2021 are hereby authorized to be issued in an aggregate principal amount of \$_____ and shall be issued subject to the terms, conditions and limitations established in this Indenture as hereinafter provided. The Bonds may be executed by or on behalf of the Issuer, authenticated by the Trustee and delivered or caused to be delivered by the Trustee to the original purchasers thereof upon compliance with the requirements set forth in this Indenture.

Section 2.02. Terms of Bonds.

(a) The Bonds shall be dated as of the Bond Dated Date and shall bear interest at the Pass-Through Rate, payable on each Payment Date, and shall mature (subject to prior redemption as herein set forth) on the Bond Maturity Date. Interest shall be calculated on the basis of a year of Actual/360. Except as otherwise provided in Section 3.01(b) hereof, the payment of interest on a Payment Date shall be in an amount equal to the interest accrued during the preceding calendar month. There shall be no further accrual of interest on the Bonds from the Bond Maturity Date. Notwithstanding anything herein to the contrary, on and after the MBS Delivery Date, the principal, interest and premium, if any, payable on the Bonds will be equal to and for the same periods as interest, principal and premium, if any, received on the MBS, and will be paid one Business Day following receipt by the Trustee of payment pursuant to the MBS.

(b) The Bonds shall be issued as registered bonds without coupons in Authorized Denominations. The Bonds shall be lettered “R” and shall be numbered separately from “1” consecutively upwards. The Bonds shall be issued initially as Book-Entry Bonds.

(c) On each Payment Date, payment of the principal of and interest or premium, if any, on any Bond shall be made to the person appearing on the Bond Register as the registered owner thereof on the applicable Record Date. The principal of and the interest on the Bonds shall be payable in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts of the United States of America. Unless the Bonds are Book-Entry Bonds, the principal of the

Bonds shall be payable to the registered owners thereof upon presentation (except in connection with a redemption of Bonds pursuant to Section 3.01(b) hereof) at the designated corporate trust office of the Trustee or its successors. Unless the Bonds are Book-Entry Bonds, payments of interest on the Bonds and redemption of the Bonds pursuant to Section 3.01(b) hereof shall be paid by check or draft mailed to the registered owner thereof at such owner's address as it appears on the registration books maintained by the Trustee on the applicable Record Date or at such other address as is furnished to the Trustee in writing by such owner. The Trustee shall cause CUSIP number identification with appropriate dollar amounts for each CUSIP number to accompany all payments of interest, principal or Redemption Price made to such owners, whether such payment is made by check or wire transfer. All payments of principal of and interest on Book-Entry Bonds shall be made and given at the times and in the manner set out in the Representation Letter, as more fully specified in Sections 2.11 and 2.12 hereof.

(d) The Bonds shall be subject to redemption prior to maturity as provided in Article III.

(e) The date of authentication of each Bond shall be the date such Bond is registered.

Section 2.03. Execution; Limited Obligation. The Bonds shall be signed by, or bear the facsimile or manual signature of, an Authorized Officer of the Issuer, and attested to by the manual or facsimile signature of an Authorized Officer of the Trustee. In case any one or more of the officers of the Issuer who shall have signed any of the Bonds or whose signature appears on any of the Bonds shall cease to be such officer before the Bonds so signed shall have been actually authenticated or delivered or caused to be delivered by the Trustee or issued by the Issuer, such Bonds may, nevertheless, be authenticated and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as if the persons who signed such Bonds or whose signatures appear on any of the Bonds had not ceased to hold such offices until such delivery. Any Bond may be signed on behalf of the Issuer by such persons as at the actual time of execution of the Bonds shall be duly authorized or hold the proper office in the Issuer, although at the date of issuance and delivery of the Bonds such persons may not have been so authorized or have held such office.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE HEREUNDER. NEITHER THE ISSUER, ANY OF ITS MEMBERS, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH HEREIN) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH HEREIN, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER. The foregoing statement of limitation shall appear on the face of each Bond.

Section 2.04. Authentication. The Bonds shall each bear thereon a certificate of authentication, substantially in the form set forth in Exhibit A hereto and executed by the Trustee. Only Bonds which bear thereon such executed certificate of authentication shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid for any purpose under this Indenture until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of authentication upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly issued under this Indenture and that the holder thereof is entitled to the benefits of this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder. The certificate of authentication on all Bonds delivered by the Trustee hereunder shall be dated the date of its authentication. Notwithstanding anything to the contrary, the initial Bonds shall be registered by the Texas Comptroller of Public Accounts and such initial Bonds shall be cancelled at the time of delivery.

Section 2.05. Form of Bonds. The form of the Bonds issued pursuant to this Indenture shall be in substantially the form set forth in Exhibit A hereto, with such variations, omissions or insertions as are permitted by this Indenture.

Section 2.06. Delivery of Bonds. After the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Bonds and deliver them to the Underwriter as directed by the Issuer.

Prior to the delivery by the Trustee of any of the Bonds, there shall be filed with the Trustee:

- (a) an executed copy of the Resolution duly certified by an Authorized Officer;
- (b) executed counterparts of this Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Certificate and the original, fully executed Bond Loan Note;
- (c) an opinion of Bond Counsel or counsel to the Issuer, dated the Closing Date, stating that the Issuer has duly adopted the Resolution and has duly executed and delivered this Indenture and that this Indenture and the Bonds each constitute a valid and binding limited obligation of the Issuer, subject to any applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors;
- (d) an opinion of Bond Counsel, dated the Closing Date, to the effect that, subject to any exceptions or qualifications stated therein, the interest on the Bonds is excluded from gross income for federal income tax purposes under existing laws and is exempt from State income taxation;
- (e) a request and authorization to the Trustee by the Issuer to authenticate and deliver the Bonds to or at the direction of the Underwriter upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery. The proceeds of such payment shall be paid over to the Trustee and deposited in the various Funds and Accounts pursuant to, and as specified in, Article V hereof;

(f) evidence from the Rating Agency that the Bonds have been rated the Highest Rating Category by the Rating Agency; and

(g) executed counterparts of the Construction Loan Documents.

Upon receipt of these documents, the Trustee shall authenticate and deliver the Bonds to or upon the order of the Underwriter but only upon payment to the Trustee of the purchase price of the Bonds, together with accrued interest thereon, if any.

Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the owner of such Bond shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Issuer. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to the Trustee shall be given, the Issuer, at the expense of the owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered under this Section and of the expenses which may be incurred by the Issuer and the Trustee in the premises. Any Bond authenticated and delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Issuer whether or not the Bond so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. If any such Bond shall have matured, or is about to mature, instead of issuing a new Bond the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity.

Section 2.08. Registration, Transfer and Exchange of Bonds; Persons Treated as Owners. The Issuer shall cause books for the registration, transfer and exchange of the Bonds as provided in this Indenture to be kept by the Trustee, which is hereby constituted and appointed the bond registrar with respect to the Bonds (the "Bond Registrar"). At reasonable times and under reasonable regulations established by the Trustee, said books may be inspected and copied by the Issuer or by owners (or a designated representative thereof) of a majority in aggregate principal amount of the Bonds Outstanding.

The registration of each Bond is transferable by the registered owner thereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of any Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefor a Bond of equal aggregate principal amount of the same maturity and Authorized Denomination.

All Bonds presented for registration of transfer, exchange or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by its duly authorized attorney.

The Issuer, the Bond Registrar and the Trustee shall not be required (i) to issue, register the transfer of or exchange any Bonds during a period beginning at the Trustee's opening of business on the applicable Record Date and ending at the Trustee's close of business on the applicable Payment Date; or (ii) to register the transfer of or exchange any Bond selected, called or being called for redemption as provided herein. No charge shall be made to any Bondholder for the privilege of registration of transfer as herein provided, but any Bondholder requesting any such registration of transfer shall pay any tax or governmental charge required to be paid therefor.

New Bonds delivered upon any registration of transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The person in whose name any Bond is registered shall be deemed the owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee. Notwithstanding anything herein to the contrary, to the extent the Bonds are Book-Entry Bonds, the provisions of Section 2.11 shall govern the exchange and registration of Bonds.

Section 2.09. Cancellation of Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby, for replacement pursuant to Section 2.07 or for transfer or exchange pursuant to Section 2.08 or 2.16, such Bond shall be canceled and destroyed by the Trustee and, upon written request of the Issuer, counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer.

Section 2.10. Pledge Effected by Indenture. All amounts that may be received under a Fannie Mae trust agreement, all rights of the Issuer or the Trustee under a Fannie Mae trust agreement, and the Trust Estate are hereby ratably pledged to secure the payment of the principal of and the interest on the Bonds, subject only to the provisions of this Indenture permitting the application thereof for other purposes. Such pledge shall be valid and binding and immediately effective, upon its being made or granted, without any physical delivery, filing, recording or further act, and shall be valid and binding as against, and superior to any claims of all others having claims of any kind against the Issuer or any other person, irrespective of whether such other parties have notice of the pledge.

Section 2.11. Book-Entry System; Limited Obligation. The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each maturity of the Bonds. Upon initial execution, authentication and delivery, the ownership of each such global Bond shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.13, all of the Outstanding Bonds shall be registered in the Bond Register kept by the Trustee in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a Substitute Depository or

to another nominee of the Depository or of a Substitute Depository. Each global Bond shall bear a legend substantially to the following effect: “UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

With respect to Bonds registered in the Bond Register in the name of the Nominee, the Issuer and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Participant, Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice with respect to the Bonds, including any redemption notice following a failure to purchase the MBS, (c) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part in accordance with the operational arrangements of DTC and as set forth in Section 3.02(b), or (d) the payment to any Participant, Beneficial Owner or any other person, other than the Depository, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Issuer and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving redemption notices pursuant to Section 3.02 and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the Bond Register kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid hereunder with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee and the Issuer of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

The Issuer and the Trustee will recognize the Depository or its nominee as the Bondholder of Book-Entry Bonds for all purposes, including receipt of payments, notices and voting, provided the Trustee may recognize votes by or on behalf of Beneficial Owners as if such

votes were made by the Bondholders of a related portion of the Bonds when such votes are received in compliance with an omnibus proxy of the Depository or otherwise pursuant to the rules of the Depository or the provisions of the Representation Letter or other comparable evidence delivered to the Trustee by the Bondholders.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OR OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HERewith, THE PROVISIONS OF THIS INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BONDS SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM AND ALL DELIVERIES OF ANY SUCH BONDS SHALL BE MADE PURSUANT TO THE DELIVERY ORDER PROCEDURES OF DTC, AS IN EFFECT FROM TIME TO TIME.

Section 2.12. Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, if necessary, any Authorized Officer is hereby authorized to execute, countersign and deliver on behalf of the Issuer to such Depository a letter from the Issuer in substantially the Depository's standard form representing such matters as shall be necessary to so qualify the Bonds (the "Representation Letter"). The Representation Letter includes such letter as it may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor. The execution by the Issuer and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.11 or in any other way impose upon the Issuer any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the registered owners, as shown in the Bond Register kept by the Trustee. In the written acceptance by the Trustee of the Representation Letter, the Trustee shall agree, and hereby agrees, to take all actions necessary for all representations of the Issuer in the Representation Letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of the Representation Letter, any Authorized Officer is hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

The terms and provisions of the Representation Letter shall govern in the event of any inconsistency between the provisions of this Indenture and the Representation Letter. The Representation Letter may be amended without Bondholder consent.

Section 2.13. Transfers Outside Book-Entry System. If at any time the Issuer determines that continuation of the book-entry system through DTC (or a successor securities Depository) is not in the best interest of the owners of the Bonds, if at any time the Depository notifies the Issuer and the Trustee that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a Substitute Depository is not appointed by the Issuer within 90 days after the Issuer and the Trustee receive notice or become aware of such condition, as the case may be, the provisions of Section 2.11 shall no longer be applicable and the Issuer shall execute and the Trustee shall authorize and deliver bonds representing the Bonds as provided below. In addition, the Issuer may determine at any time that the Bonds shall no longer be represented by global certificates and that the provisions of Section 2.11 shall no longer apply to the Bonds. In any such event, the Issuer shall execute and the Trustee shall authenticate and deliver certificates representing the Bonds as provided below. Bonds issued in exchange for global certificates pursuant to this Section shall be registered in such names and delivered in such authorized denominations as the Depository, pursuant to instructions

from the Participants or otherwise, shall instruct the Issuer and the Trustee. The Trustee shall deliver such certificates representing the Bonds to the persons in whose names such Bonds are so registered.

If the Issuer determines to replace the Depository with another qualified securities depository, the Issuer shall prepare or cause to be prepared a new fully registered global certificate for each of the maturities of each type of Bond, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the Issuer, the Trustee and such securities depository and not inconsistent with the terms of this Indenture.

Section 2.14. Payments and Notices to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

Section 2.15. Initial Depository and Nominee. The initial Depository under this Indenture shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

Section 2.16. Optional Exchange of Bonds for MBS. Following delivery of the MBS to the Trustee, a Beneficial Owner of Bonds may file with the Trustee a written request, in the form attached hereto as “Exhibit B – FORM OF NOTICE OF REQUEST TO EXCHANGE” or such other form as may be approved by the Trustee (the “Request Notice”), to exchange Bonds for a like principal amount of the MBS, provided, that (i) the MBS will be, when delivered, in a face amount equal to \$1,000.00 or a multiple of \$1.00 in excess thereof, and (ii) the Project is complete and placed in service by the Borrower as evidenced by a certificate of occupancy for the Project delivered by the Borrower to the Trustee accompanied by a letter from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code. The Request Notice must be delivered to the Trustee at least five (5) Business Days prior to the Exchange Date (as defined in the Request Notice).

Upon receipt of a Request Notice, the Trustee shall immediately provide a copy to the Issuer and the Permanent Lender. The Issuer shall then have up to four (4) Business Days, in its sole discretion, to provide written direction to the Trustee to either (i) deliver to the Beneficial Owner of the Bonds its proportionate interest in the MBS based upon such Beneficial Owner’s proportionate interest in the Bond or (ii) redeem the Beneficial Owner’s Bonds for an amount equal to the Cash Value (as defined in this section) as of the Exchange Date. Any failure of the Issuer to provide direction within the period set forth in the prior sentence shall be deemed a direction to deliver the MBS in lieu of redeeming the Bonds. Immediately upon receiving the Issuer’s direction, the Trustee shall notify such Beneficial Owner of the Issuer’s direction. Upon receipt of any Bonds from the requesting Beneficial Owner, the Trustee will promptly cancel the Bonds being exchanged or redeemed, which will not be reissued.

Cash Value = original face amount of the MBS x MBS Factor x (1 + Redemption Premium (R) + (Offering Premium (I) x MBS Factor)) – an amount equal to the principal to be

received by such Beneficial Owner on the next Payment Date (if the date of redemption occurs between the Record Date and such Payment Date)

Where $R = 5\%$ if the exchange occurs during the first five years from the Closing Date;

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

and $I =$ offering price of the Bonds (100%)

In the event that the Issuer elects to deliver the Beneficial Owner's proportionate interest in the MBS in lieu of redeeming the Bonds, after validating the exchange request, the Trustee shall transfer and deliver to such requesting Beneficial Owner, the Trustee's beneficial ownership interest in the Beneficial Owner's proportionate interest in the MBS on the date specified in the Request Notice promptly following (i) delivery to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian ("DWAC")) of the Bonds being exchanged and (ii) payment by the requesting Beneficial Owner of the Trustee's exchange fee (\$1,000 as of the date of this Indenture) with respect to such Bonds. Such Beneficial Owner's proportionate interest in the MBS will be (1) in book-entry form and (2) transferred in accordance with current market practices, including the applicable provisions of the SIFMA's *Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities*. The proportionate interest in the MBS delivered in such an exchange will not be exchangeable for Bonds. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Bonds, the Trustee shall wire the applicable principal and interest payments on the exchanged Bonds to the Beneficial Owner using the wire transfer instructions set forth on the Request Notice.

In the event that the Issuer elects to redeem Bonds in lieu of an exchange with the MBS, the Beneficial Owner shall arrange with its securities dealer (and/or DTC participant) to deliver such Bonds to the Trustee (via DTC withdrawal or DWAC) on or before such redemption date. Once such delivery has been verified and approved by the Trustee, the Trustee shall transfer a like principal amount of the MBS to or upon the order of the Issuer in exchange for an amount equal to the Cash Value plus interest accrued but unpaid on the MBS (less any interest to be received by the Beneficial Owner on the next Payment Date if the redemption occurs between the Record Date and such Payment Date) and apply the proceeds of such transfer to the payment of the Redemption Price of the Bonds on the Payment Date by wiring such amount to the Beneficial Owner at its wire transfer instructions set forth on the Request Notice. Any premium due in connection with a redemption pursuant to the terms of this Section 2.16 shall be paid with Eligible Funds provided by or on behalf of the Issuer.

None of Fannie Mae, the Trustee or the Issuer shall have any liability to the Beneficial Owner arising from (i) any exchange or redemption of Bonds effected hereby or (ii) any of the

costs or expenses hereof. Interest on such MBS is not excludable from gross income for federal income tax purposes. Bondholders should consult their own tax advisors concerning that and other tax consequences of any exchange of a Bond for the MBS.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Terms of Redemption. The Bonds shall be subject to redemption prior to the stated maturity thereof only as set forth in this Section.

(a) Mandatory Redemption Prior to MBS Delivery Date. On any Payment Date that occurs prior to or during the month in which the MBS is delivered to the Trustee, the Bonds are subject to mandatory redemption in part in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Permanent Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Collateral Fund and second, from money on deposit in the Bond Proceeds Fund, and with respect to interest, from money on deposit in the Revenue Fund.

(b) Mandatory Redemption Upon Failure to Convert by the Termination Date or Failure to Purchase the MBS. The Bonds are subject to mandatory redemption in whole five (5) calendar days after the MBS Delivery Date Deadline, as such date may be extended, at a Redemption Price equal to ____% of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if (i) the Conversion Date has not occurred on or prior to the Termination Date or (ii) the MBS Delivery Date has not occurred on or prior to the MBS Delivery Date Deadline, payable with respect to principal first, from money on deposit in the Collateral Fund and second, from money on deposit in the Bond Proceeds Fund, and with respect to premium, if any, from money on deposit in the Bond Premium Escrow Fund and with respect to interest, from money on deposit in the Revenue Fund.

(c) Mandatory Redemption on the MBS Delivery Date. The Bonds are subject to mandatory redemption in part on the MBS Delivery Date at a Redemption Price equal to ____% of the principal amount of the Bonds to be redeemed, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to the MBS Delivery Date, in an amount equal to the difference between (i) the principal amount of the MBS purchased on the MBS Delivery Date and (ii) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the MBS Delivery Date occurred, payable with respect to principal first, from money on deposit in the Collateral Fund and second, from money on deposit in the Bond Proceeds Fund, and with respect to interest, from money on deposit in the Revenue Fund and other Eligible Funds and with respect to premium, if any, from money on deposit in the Bond Premium Escrow Fund.

(d) Mandatory Redemption Following the MBS Delivery Date. Following the MBS Delivery Date, the Bonds are subject to mandatory redemption in whole or in part one Business Day after the date on which each principal payment or prepayment is received

pursuant to the MBS, at a Redemption Price equal to ____% of the principal amount, plus interest and premium, if any, received pursuant to the MBS.

(e) Mandatory Redemption in Lieu of Exchange. The Bonds are subject to mandatory redemption in whole or in part in the event the Issuer elects pursuant to Section 2.16 to redeem a Beneficial Owner's Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Bonds its proportionate interest in the MBS based upon its proportionate interest in the Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of this Indenture.

Notwithstanding anything to the contrary in the Indenture, the Bonds are not subject to optional redemption, but are subject to redemption prior to maturity in connection with a prepayment of the Permanent Loan as set forth herein.

Section 3.02. Notice of Redemption.

(a) Anytime the Bonds are subject to redemption in whole or in part pursuant to Section 3.01 hereof (except pursuant to Sections 3.01(a) and (d) hereof), the Trustee, in accordance with the provisions of this Indenture, shall give at least twenty (20) calendar days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Notice delivered as required in this Section 3.02(a) with respect to a redemption pursuant to Section 3.01(b) hereof may be rescinded and annulled on or before the MBS Delivery Date Deadline if (i) the MBS is delivered on or prior to the MBS Delivery Date Deadline or (ii) the MBS Delivery Date Deadline is extended pursuant to Section 3.04 hereof. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption.

(b) The Bonds to be redeemed in part pursuant to Section 3.01 will be selected in accordance with the operational arrangements of DTC or any successor Substitute Depository, and any partial prepayments pursuant thereto shall be made in accordance with the "Pro Rata Pass-Through Distributions of Principal" procedures of DTC or comparable procedures of any successor Substitute Depository.

(c) In the event that the MBS has not been purchased by, and delivered to, the Trustee ten (10) Business Days prior to the MBS Delivery Date Deadline (as such date may be extended hereunder), the Trustee shall provide, ten (10) Business Days prior to the MBS Delivery Date Deadline, to the Borrower, the Permanent Lender, the Construction Lender, the Issuer and the Underwriter, written notice of such non-purchase.

Notwithstanding this Section 3.02, no prior notice shall be a prerequisite to the effectiveness of any redemption under Section 3.01 hereof which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to Section 3.01 hereof required by this Section 3.02.

Section 3.03. Payment of Redemption Price. With respect to any redemption pursuant to Section 3.01 hereof, notice having been given in the manner provided in Section 3.02 hereof (or not required to be given as a result of a redemption pursuant to Sections 3.01(a) or (d) hereof), and all conditions to the redemption contained in such notice, if applicable, having been met, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price specified in Section 3.01, as applicable, and upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney; provided, however, that so long as the Bonds are registered in the name of the Depository, payment for such redeemed Bonds shall be made in accordance with the Representation Letter of the Issuer (or, in the case of a redemption pursuant to Section 2.16 hereof, in accordance with the provisions of such Section). If, on the redemption date, moneys for the redemption of all of the Bonds to be redeemed, together with all accrued interest on such Bonds, which shall equal all interest accrued on the MBS, if delivered, to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds so called for redemption shall cease to accrue.

Section 3.04. Extension of MBS Delivery Date Deadline. At any time prior to the MBS Delivery Date Deadline, the Borrower may extend the MBS Delivery Date Deadline by (i) providing to the Trustee, the Lender, the Issuer, the Rating Agency and the Underwriter written notice of any extension of the MBS Delivery Date Deadline, (ii) depositing Eligible Funds for the credit of the Negative Arbitrage Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, sufficient to pay interest due on the Bonds to the date that is five (5) calendar days after the extended MBS Delivery Date Deadline (the “Extension Deposit”), (iii) delivering to the Trustee and the Rating Agency a Cash Flow Projection establishing the sufficiency of the Extension Deposit, and (iv) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Bonds. Extension Deposits may continue to be made by or on behalf of the Borrower until the MBS Delivery Date occurs or the Borrower declines to make an Extension Deposit resulting in a mandatory redemption of the Bonds pursuant to Sections 3.01(b) or (c), as applicable; provided, however, the MBS Delivery Date Deadline may not be extended (i) if the Termination Date has occurred prior to the Conversion Date or (ii) to a date that is later than the fourth anniversary of the Bond Dated Date unless, prior to any extension beyond such date, there shall be filed with the Trustee and the Issuer an opinion of Bond Counsel to the effect that such extension will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. The cost of such opinion shall be the sole responsibility of the Borrower.

Section 3.05. Cancellation. All Bonds which have been redeemed, paid or retired or received by the Trustee for exchange shall not be reissued but shall be canceled and held by the Trustee in accordance with Section 2.09 hereof.

ARTICLE IV

DELIVERY OF MBS

Section 4.01. Conversion Prior to Initial Termination Date; Delivery of MBS.

(a) Conversion Prior to Initial Termination Date. If the Conversion Date occurs prior to the Initial Termination Date, the Borrower shall cause to be delivered to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds, if any, as set forth in the Cash Flow Projection.

(b) Delivery of MBS. The obligation of the Trustee to purchase the MBS on the MBS Delivery Date shall be subject to receipt by the Trustee of written notification from the Lender upon which the Trustee may rely and act without further investigation certifying that the MBS duly executed by Fannie Mae is available for purchase by the Trustee at the MBS Purchase Price, and meets the following requirements:

(a) the principal amount of the MBS will equal from time to time the then-current principal amount of the Bonds, except for principal payments received which have not been remitted to owners of the Bonds;

(b) the MBS shall bear interest at the Pass-Through Rate payable on the 25th day of each month, commencing on the 25th day of the month following the month in which the Trustee purchases the MBS, or if any such 25th day is not a Business Day, the next succeeding Business Day, and have a final maturity date that is the same as the Bond Maturity Date;

(c) the MBS shall provide that timely payment of principal (whether on any scheduled Payment Date or prior thereto upon any mandatory prepayment of the Mortgage Note or upon any optional prepayment of the Mortgage Note or upon declaration of acceleration following a default thereunder and interest on the MBS) is guaranteed to the record owner of the MBS, regardless of whether corresponding payments of principal and interest on the Permanent Loan are paid when due; and

(d) the MBS shall be acquired by the Trustee on behalf of the Issuer, shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be held only in book-entry form through the United States Federal Reserve Bank book-entry system, pursuant to which the MBS shall have been registered on the records of the Federal Reserve Bank in the name of the Trustee.

The MBS shall be registered in the name of the Trustee or its designee. Upon purchase of the MBS on the MBS Delivery Date, the Trustee shall post a notification to this effect on the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

ARTICLE V

TRUST ESTATE AND FUNDS

Section 5.01. Pledge of Trust Estate. The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the Granting Clauses hereof for the payment of the principal of, premium, if any, and interest on the Bonds, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach, be perfected and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Section 5.02. Establishment of Funds. The Trustee shall establish, maintain and hold in trust the following funds, each of which shall be maintained by the Trustee as a separate and distinct fund or account, and each of which shall be disbursed and applied only as herein authorized:

- (a) Revenue Fund, including therein a Negative Arbitrage Account;
- (b) Costs of Issuance Fund;
- (c) Bond Proceeds Fund;
- (d) Collateral Fund;
- (e) [Bond Premium Escrow Fund, including therein a Bond Proceeds Account and a Collateral Account]; and
- (f) Rebate Fund.

Section 5.03. Application of Funds on MBS Delivery Date. On the MBS Delivery Date, the Trustee shall remit to the Permanent Lender as payment for the MBS, an amount equal to the aggregate principal amount of the MBS (from amounts on deposit in the Collateral Fund and, to the extent sufficient funds are not otherwise available in the Collateral Fund, from the Bond Proceeds Fund), plus accrued and unpaid interest on the MBS at the Pass-Through Rate from the first of the month in which the MBS was delivered to, but not including, the MBS Delivery Date (from amounts on deposit in the Revenue Fund, and, to the extent amounts in the Revenue Fund, other than amounts in the Negative Arbitrage Account therein, are insufficient for such purposes, from the Negative Arbitrage Account therein).

Section 5.04. Initial Deposits. On the Closing Date, the Trustee shall make the following deposits:

(a) \$[_____], representing accrued interest on the Bonds from the Bond Dated Date to the Closing Date, shall be deposited into the Revenue Fund;

(b) \$[_____], representing the Costs of Issuance Deposit, shall be deposited into the Costs of Issuance Fund;

(c) \$[_____], representing the principal amount of the Bonds, shall be deposited into the Bond Proceeds Fund to be used as set forth in this Article V;

(d) \$[_____], representing the Negative Arbitrage Deposit, shall be deposited into the Negative Arbitrage Account of the Revenue Fund; and

(e) \$[_____], representing the Premium, shall be deposited into the Bond Proceeds Account of the Bond Premium Escrow Fund.

Section 5.05. Revenue Fund.

(a) On any Payment Date that occurs prior to or during the month in which the MBS is delivered to the Trustee, the Trustee shall disburse from the Revenue Fund (and, to the extent amounts in the Revenue Fund, other than amounts in the Negative Arbitrage Account therein, are insufficient for such purposes, from the Negative Arbitrage Account therein), an amount equal to the amount of interest due on the Bonds pursuant to the Permanent Loan Amortization Schedule.

(b) There shall be deposited into the Negative Arbitrage Account of the Revenue Fund as and when received, (i) the Negative Arbitrage Deposit and (ii) any Extension Deposit.

(c) There shall be deposited into the Revenue Fund, as and when received, (i) all moneys received by the Trustee representing principal payments or repayments, and premium, if any, under the MBS, together with all other amounts required pursuant to this Indenture to be deposited therein, (ii) accrued interest on the Bonds from the Bond Dated Date to the Closing Date, (iii) any other amounts specified in this Indenture, and (iv) all moneys received by the Trustee representing interest payments under the MBS, to be held therein pending distribution in accordance with the terms hereof.

(d) On the MBS Delivery Date, the Trustee shall remit from the Revenue Fund (and, to the extent amounts in the Revenue Fund, other than amounts in the Negative Arbitrage Account therein, are insufficient for such purposes, from the Negative Arbitrage Account therein) to the Permanent Lender accrued and unpaid interest on the MBS at the Pass-Through Rate from and including the first calendar day of the month in which the MBS was delivered to, but not including, the MBS Delivery Date.

(e) On the first Business Day following the Payment Date in the first full month following the MBS Delivery Date, the Trustee shall return to the Borrower any amounts then on deposit in the Negative Arbitrage Account of the Revenue Fund and shall immediately close such subaccount.

(f) On the first Business Day following receipt of any MBS Revenues and the deposit thereof into the Revenue Fund pursuant to subsection (c) above, the Trustee shall pay to the Bond

owners all amounts so received from money on deposit in the Revenue Fund. All payments of principal and interest shall be paid to Bond owners in proportion to the principal amount of Bonds owned by each Bond owner as set forth on the records of the Trustee at the close of business on the applicable Record Date.

(g) If the Trustee does not receive a scheduled payment on the MBS by 5:00 p.m. Eastern Time on the 25th day of any month (or the next succeeding Business Day if such day of the month is not a Business Day), the Trustee shall immediately notify Fannie Mae and immediately demand payment under the terms of the guaranty thereof.

(h) The Trustee is authorized to release Excess Funds from the Negative Arbitrage Account to or upon the direction of the Borrower, upon receipt by the Trustee of (1) a written notice from the Borrower to the Trustee to release such Excess Funds, and (2) a Cash Flow Projection acceptable to the Rating Agency and prepared in accordance with the terms hereof.

Section 5.06. Rebate Fund.

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

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

(c) Within thirty (30) days after each Computation Date, the Trustee, on behalf of the Issuer, shall withdraw from the Rebate Fund and pay to the United States of America the appropriate portion of the Rebate Amount (determined by the Rebate Analyst on behalf of the Borrower) in the installments, to the place and in the manner required by section 148(f) of the Code, the Regulations, and rulings thereunder as instructed by the Borrower or its legal counsel and as provided in subsection (3) below. Within five (5) days after receipt from the Borrower or the Rebate Analyst of written notification of any amount due to the United States of America pursuant to Section 1.148-3(h) of the Regulations accompanied by relevant IRS forms including IRS Form 8038-T, the Trustee shall withdraw from the Rebate Fund an amount which when added to all prior payments to the United States of America equals the correct appropriate portion of the Rebate Amount, plus any penalties and interest and pay such correction amount to the United States of America.

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

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

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

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

(h) Notwithstanding any provision of the Bond Documents and unless otherwise specifically agreed to in a separate written agreement, the Trustee shall not be liable or responsible for any method of calculation, or any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any successor statute or any regulation, ruling, or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid the United States of America or the determination of the maximum amount which may be invested in Nonpurpose Investments having a higher yield than the yield on the Bonds, in connection with any such investments. The method of calculation, calculation and determination required by Section 148 of the Code shall be accomplished by a Rebate Analyst engaged by the Borrower. The Trustee shall not be liable or responsible for the negligence or misconduct of the Rebate Analyst. The Trustee shall not be liable or responsible for monitoring the compliance by the Borrower or the Issuer of any of the requirements of Section 148 of the Code or any applicable regulation, ruling, or other judicial or administrative interpretation thereof (except for the administrative functions described in this Section 4.7 and elsewhere in this Indenture), it being acknowledged and agreed that the sole obligation of the Trustee in this regard shall be (i) to invest the moneys received by the Trustee pursuant to the written instructions of the Borrower in the specific investments identified by the Borrower, with the consent of the Controlling Person, or, in the absence of such direction or consent to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of this Indenture, and (ii) to follow instructions contained in this Section 4.7. The Trustee shall not be liable for the Bonds becoming “arbitrage bonds” within the meaning

of the Code, as a result of investments it makes in compliance with the instructions it receives or pursuant to or in compliance with the terms of this Indenture.

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

Section 5.07. Costs of Issuance Fund. On or before the Closing Date, the Borrower shall deliver to the Trustee the Costs of Issuance Deposit, from amounts other than Bond proceeds, to be deposited to the Costs of Issuance Fund to pay Costs of Issuance incurred in connection with the issuance of Bonds. The Trustee shall use amounts in the Costs of Issuance Fund on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Borrower, upon delivery to the Trustee of appropriate invoices for such expenses. Any unexpended amounts attributable to deposits made by the Borrower remaining on deposit in the Costs of Issuance Fund three months after the Closing Date shall be returned to the Borrower and the Costs of Issuance Fund shall be closed.

Section 5.08. Bond Premium Escrow Fund. Upon (a) the deposit of Eligible Funds into the Collateral Account of the Bond Premium Escrow Fund, if any, as provided in this Section 5.08, (b) the delivery of a corresponding requisition executed by an Authorized Borrower Representative (and approved by the Lender) in the form of Exhibit A attached to the Financing Agreement, and subject to the provisions of this Section 5.08, the Trustee shall disburse funds from the Bond Proceeds Account of the Bond Premium Escrow Fund, in an amount equal to such corresponding deposit made into the Collateral Account, to fund Project Costs pursuant to such requisition. Prior to making any such disbursement from the Bond Proceeds Account, the Trustee shall confirm that the aggregate principal amount that will be held in both (a) the Collateral Account and (b) the Bond Proceeds Account, after the requested disbursement, will at least equal the Premium and, notwithstanding anything to the contrary, the Trustee shall not disburse money from the Bond Proceeds Account (other than to pay amounts due on the Bonds pursuant to Section 3.01), unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the Collateral Account.

To the extent money on deposit in the Bond Proceeds Account is invested in Eligible Investments that have not yet matured, the Trustee is hereby authorized to make the following sale and exchange, which sale and exchange shall occur prior to the disbursement of amounts on deposit in the Bond Proceeds Account to pay Project Costs without the need to sell or terminate such Eligible Investments prior to their stated maturity date: (i) sell all or a portion of the Eligible Investments in the Bond Proceeds Account, in the amount specified in the request for disbursement, to the Collateral Account for a price of par and (ii) transfer a like amount of available funds from the Collateral Account to the Bond Proceeds Account representing Bond proceeds as the purchase price thereof.

Upon the satisfaction of the provisions set forth in this Section, the Trustee shall be irrevocably and unconditionally obligated to disburse Bond proceeds from the Bond Proceeds Account equal to either the amount deposited to the Collateral Account, as set forth in the corresponding requisition and to the extent the Trustee is unable to do so, the Trustee shall return the amount deposited in the Collateral Account, within one Business Day of receipt of such deposit to the party that made such deposit as set forth in the requisition.

To the extent sufficient funds are not otherwise available to the Trustee, including money on deposit in the Revenue Fund or the Collateral Fund, the Trustee shall transfer from the Bond Premium Escrow Fund (first from the Collateral subaccount and then from the Bond Proceeds subaccount) to the Revenue Fund sufficient money to pay amounts due on the Bonds pursuant to Section 3.01.

On the MBS Delivery Date, amounts in the Bond Premium Escrow Fund (first from the Collateral Account and then from the Bond Proceeds Account) shall be transferred by the Trustee to the Revenue Fund to pay any redemption price above 100% of the Bonds being redeemed as set forth in Section 3.01 hereof.

On the first Business Day following the Payment Date in the first full month following the MBS Delivery Date, the Trustee shall return to the Borrower any amounts then on deposit in the Bond Premium Escrow Fund and shall immediately close such Fund.

Until the purchase of the MBS on the MBS Delivery Date, all amounts in the Bond Premium Escrow Fund shall constitute an irrevocable deposit solely for the benefit of the Bondholders, subject to the provisions hereof.

Section 5.09. Bond Proceeds Fund. Upon (a) deposit of Eligible Funds into the Collateral Fund, if any, as provided in Section 5.10 hereof, (b) delivery of a corresponding requisition executed by an Authorized Borrower Representative (and approved by the Lender) in the form of Exhibit A attached to the Financing Agreement and (c) subject to the provisions of this Section 5.07 hereof, the Trustee shall disburse Bond proceeds, in an amount equal to such corresponding deposit made into the Collateral Fund, to fund Project Costs pursuant to such requisition. Prior to making any such disbursement from the Bond Proceeds Fund, the Trustee shall confirm that the aggregate principal amount that will be held in both (a) the Collateral Fund and (b) the Bond Proceeds Fund, after the requested disbursement, will at least equal the Outstanding principal amount of the Bonds and, notwithstanding anything to the contrary, the Trustee shall not disburse money from the Bond Proceeds Fund (other than to pay amounts due on the Bonds pursuant to Section 3.01 hereof), unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund; provided, however, that the Trustee shall transfer funds from the Bond Proceeds Fund to the Collateral Fund upon receipt of an opinion of Bond Counsel to the effect that such transfer shall not cause the interest on any of the Bonds to be or become includible in the gross income of the owners thereof for federal income tax purposes. To the extent money on deposit in the Bond Proceeds Fund is invested in Eligible Investments that have not yet matured, the Trustee is hereby authorized to make the following sale and exchange, which sale and exchange shall occur prior to the disbursement of amounts on deposit in the Bond Proceeds Fund to pay Project Costs without the need to sell or terminate such Eligible Investments prior to their stated maturity date: (i) sell all or a portion of the Eligible Investments in the Bond Proceeds Fund, in the amount specified in the request for disbursement, to the Collateral Fund for a price of par and (ii) transfer a like amount of available funds from the Collateral Fund to the Bond Proceeds Fund representing Bond proceeds as the purchase price thereof.

Upon the satisfaction of the provisions set forth in this Section, the Trustee shall be irrevocably and unconditionally obligated to disburse Bond proceeds from the Bond Proceeds

Fund equal to the amount deposited to the Collateral Fund, as set forth in the corresponding requisition and to the extent the Trustee is unable to do so, the Trustee shall return the amount deposited in the Collateral Fund, within one Business Day of receipt of such deposit to the party that made such deposit as set forth in the requisition.

To the extent sufficient funds are not otherwise available to the Trustee, including money on deposit in the Revenue Fund or the Collateral Fund, the Trustee shall transfer from the Bond Proceeds Fund to the Revenue Fund sufficient money to pay amounts due on the Bonds pursuant to Section 3.01 hereof.

On the MBS Delivery Date, amounts remaining in the Bond Proceeds Fund shall be used by the Trustee in the following order: (i) to the extent sufficient funds are not otherwise available in the Collateral Fund, to pay the MBS Purchase Price, (ii) to transfer funds to the Revenue Fund in an amount equal to the difference, if any, between (x) the aggregate principal amount of and interest due on the Bonds Outstanding as of the first day of the month in which the MBS Delivery Date occurs and (y) the principal amount of the MBS purchased on the MBS Delivery Date, plus interest accrued but unpaid to the redemption date, for redemption pursuant to Section 3.01(c) hereof, and (iii) to pay any remaining Project Costs as approved by the Lender in writing.

Section 5.10. Collateral Fund. The Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to Section 4.04 of the Financing Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. Except as otherwise provided in Section [5.08][5.09] hereof, Section 4.04 of the Financing Agreement requires the Borrower to cause Eligible Funds to be paid to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the corresponding amount of Bond proceeds on deposit in the Bond Proceeds Fund to be disbursed by the Trustee to pay Project Costs.

Until the purchase of the MBS on the MBS Delivery Date, the deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Bondholders, subject to the provisions hereof.

Money in the Collateral Fund shall be used by the Trustee as follows: (i) to the extent money is not otherwise available, the Trustee shall transfer from the Collateral Fund to the Revenue Fund an amount necessary to pay amounts due on the Bonds pursuant to Section 3.01 hereof, and (ii) on the MBS Delivery Date, to pay for the principal amount of the MBS.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Revenue Fund and applied to the payment of the principal of any of the Bonds, or the principal component of the redemption price of any of the Bonds, all as provided in this Indenture.

Section 5.11. Accounting Records. The Trustee shall maintain accurate books and records for all Funds and Accounts established hereunder.

Section 5.12. Amounts Remaining in Funds. After full payment of the Bonds (or provision for payment thereof having been made in accordance with Section 7.01) and full

payment of the fees and expenses of the Trustee and other amounts required to be paid hereunder and under the Financing Agreement including fees payable to the Issuer and Fannie Mae, any amounts remaining in any Fund hereunder other than the Rebate Fund shall be paid to the Lender for the payment of any amounts due and payable to the Lender and/or Fannie Mae and thereafter, to the Borrower; provided, however, that if a default shall have occurred and remain uncured under the Permanent Loan of which the Trustee shall have received written notice from Fannie Mae or the Lender, then any such amounts remaining in any Fund or Account hereunder shall be paid to Fannie Mae.

Section 5.13. Investment of Funds. The moneys held by the Trustee shall constitute trust funds for the purposes hereof. Any moneys attributable to each of the Funds and Accounts hereunder shall be invested by the Trustee at the written direction or telephonic direction (promptly confirmed in writing) of the Borrower in Eligible Investments which, except as otherwise provided in this Section 5.13, mature or are redeemable at par, without penalty, on or before the date on which such funds are expected to be needed for the purposes for which they are held. Notwithstanding anything herein to the contrary except as otherwise set forth in this sentence, all amounts in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be invested solely in Eligible Investments; provided, however, that following the MBS Delivery Date, payments received with respect to the MBS shall be held uninvested. All investment earnings from amounts on deposit in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be credited to the Revenue Fund. If the Trustee does not receive written direction or telephonic directions (promptly confirmed in writing) from the Borrower regarding the investment of funds, the Trustee shall invest solely in Eligible Investments described in clause (b) of the definition of Eligible Investments herein, which shall mature or be redeemable at par without penalty at the times set forth in this Section 5.13. The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate.

Eligible Investments representing an investment of moneys attributable to any Fund or Account shall be deemed at all times to be a part of such Fund. Subject to the following sentence, investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. Prior to the MBS Delivery Date, at the direction of the Borrower, the Trustee is permitted to invest in Eligible Investments that mature on or before the MBS Delivery Date Deadline but is not permitted to sell or otherwise dispose of such Eligible Investment prior to maturity at a price below par without first receiving (i) a Cash Flow Projection and (ii) Eligible Funds, if any, as set forth in the Cash Flow Projection. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted hereby as an investment of moneys in that Fund. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything herein to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying debt service on the Bonds shall be held uninvested and (ii) Bond proceeds and the Negative Arbitrage Deposit shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments.

All Eligible Investments acquired by the Trustee pursuant hereto shall be purchased in the name of the Trustee and shall be held for the benefit of the Bondholders pursuant to the terms of

this Indenture. The Trustee shall take such actions as shall be necessary to assure that such Eligible Investments are held pursuant to the terms of this Indenture and are subject to the trust and security interest herein created.

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith. The Trustee or its affiliates may act as sponsor, principal or agent in the acquisition or disposition of investments. The Trustee may commingle investments made under the Funds and Accounts established hereunder, but shall account for each separately.

In computing for any purpose hereunder the amount in any Fund or Account on any date, obligations so purchased shall be valued at the lower of cost or par exclusive of accrued interest, and may be so valued as of any time within four (4) days prior to such date.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Borrower specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Section 5.14. Moneys Held for Particular Bonds. The amounts held by the Trustee for the payment of the interest, principal or premium, if any, 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 thereto, and for the purposes hereof such interest, principal or premium, if any, after the due date thereof, shall no longer be considered to be unpaid.

Section 5.15. Funds Held in Trust. All moneys held by the Trustee, as such, at any time pursuant to the terms of this Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 5.16. Reports From the Trustee. The Trustee shall furnish to the Borrower (and to Fannie Mae, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date), the [Investor Limited Partner][Investor Member] and the Issuer upon request) quarterly statements of the activity and assets held in each of the Funds and Accounts maintained by the Trustee hereunder. Upon the written request of the owner of a Bond, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to the owner of the Bond.

Section 5.17. Covenants Respecting Arbitrage and Rebate. The Trustee shall keep and make available to the Borrower such records concerning the investment of the gross proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to fulfill the requirements of Section 148(f) of the Code. The Trustee expressly covenants and agrees to all document retention and reporting requirements contained in the Tax Certificate.

ARTICLE VI

COVENANTS OF ISSUER

Section 6.01. Payment of Bonds. Subject to the other provisions of this Indenture, the Issuer shall duly and punctually pay or cause to be paid, solely from amounts available in the

Trust Estate, the principal of, premium, if any, and interest on the Bonds, at the dates and places and in the manner described in the Bonds, according to the true intent and meaning thereof. The Bonds are not a general obligation of the Issuer and are payable solely from the Trust Estate.

The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Bond Loan Note, the Mortgage Note and the MBS, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

Section 6.02. Performance of Covenants by Issuer.

(a) In General. The Issuer covenants that it will faithfully perform on its part at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto; provided, however, that, except for the matters set forth in Section 6.01 hereof relating to payment of the Bonds, the Issuer will not be obligated to take any action or execute any instrument pursuant to any provision hereof until it has been requested to do so by the Borrower or by the Trustee, or has received the instrument to be executed and, at the option of the Issuer, has received from the party requesting such execution assurance satisfactory to the Issuer that the Issuer will be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument. The Issuer covenants that it is duly authorized under the Constitution and the laws of the State, including particularly the Act and the Resolution, to issue the Bonds authorized hereby and to execute this Indenture, to grant the security interest herein provided, to assign and pledge the Trust Estate (except as otherwise provided herein) and to assign and pledge the amounts hereby assigned and pledged in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and that the Bonds in the hands of the owners thereof are and will be valid and enforceable special, limited obligations of the Issuer according to the terms thereof and hereof. Anything contained in this Indenture to the contrary notwithstanding, it is hereby understood that none of the covenants of the Issuer contained in this Indenture are intended to create a general or primary obligation of the Issuer.

(b) Prohibited Activities. Subject to the limitations on its liability as stated herein, the Issuer represents, warrants, covenants and agrees that it has not knowingly engaged and will not knowingly engage in any activities and that it has not knowingly taken and will not knowingly take any action which might result in any interest on the Bonds becoming includable in the gross income of the owners thereof for purposes of federal income taxation.

(c) Rights Under Financing Agreement. The Financing Agreement sets forth covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Financing Agreement and agrees that the Trustee, in its name, may enforce all rights of the Issuer (other than the Reserved Rights) and all obligations of the Borrower under and

pursuant to the Financing Agreement and on behalf of the Bondholders, whether or not the Issuer has undertaken to enforce such rights and obligations.

(d) Issuer's Further Assurance. The Issuer covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered by the parties within its control, such instruments supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning, and confirming unto the Trustee, the Issuer's interest in and to all interests, revenues, proceeds, and receipts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds in the manner and to the extent contemplated herein. The Issuer shall be under no obligation to prepare, record, or file any such instruments or transfers.

(e) Unrelated Bond Issues. The Issuer, prior to the issuance of the Bonds, has issued, and subsequent to the issuance of the Bonds, the Issuer expects to issue various series of bonds in connection with the financing of other projects (said bonds together with any bonds issued by the Issuer between the date hereof and issuance of the Bonds shall be referred to herein as the "Other Bonds"). Any pledge, mortgage, or assignment made in connection with any Other Bonds shall be protected, and any funds pledged or assigned for the payment of principal, premium, if any, or interest on the Other Bonds shall not be used for the payment of principal, premium, if any, or interest on the Bonds. Correspondingly, any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and any funds pledged or assigned for the payment of the Bonds shall not be used for the payment of principal, premium, if any, or interest on the Other Bonds.

Section 6.03. Tax Covenants. The Issuer shall not take any action that will cause the interest paid on the Bonds to be includable in gross income for federal income tax purposes or to be subject to personal income taxation by the State. In furtherance of the foregoing covenant, the Issuer hereby particularly covenants and agrees with the holders of the Bonds as follows:

(a) No part of the proceeds of the Bonds or any other funds of the Issuer shall be used by the Issuer at any time directly or indirectly to acquire securities or obligations, the acquisition of which, or which in any other manner, would cause any Bond to be an arbitrage bond as defined in Section 148 of the Code and any applicable Regulations promulgated thereunder.

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

In the event of a conflict between the provisions of this Section 6.03 and the Tax Certificate, the provisions of the Tax Certificate shall control.

Section 6.04. Compliance with Conditions Precedent. Upon the Closing Date, all conditions, acts and things required by law regarding the Issuer to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, shall have happened

and shall have been performed, and such Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by law.

Section 6.05. Extension of Payment of Bonds. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of the principal due on any of the Bonds or the time of payment of interest due on the Bonds, and if the time for payment of any such claims for interest shall be extended through any other means, such Bonds or claims for interest shall not be entitled in case of any default hereunder to any payment out of the Trust Estate or the funds (except funds held in trust for the payment of particular Bonds pursuant hereto) held by the Trustee, except subject to the provisions of Section 7.02 and subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds which is not represented by such extended claims for interest.

If an Extension Deposit has not been made pursuant to Sections 3.04 and 5.05(b) hereof, such that the aggregate balance in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund is equal to ____% of the principal amount of the Bonds plus interest accrued on the Bonds to the date which is five (5) calendar days following the MBS Delivery Date Deadline (as such date may be extended hereunder), then the Bonds shall be subject to mandatory redemption as set forth in Section 3.01(b) hereof.

Section 6.06. Further Assurances. At any time and at all times the Issuer shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances and enter into such further agreements as may be necessary or desirable for the better assuring, conveying, granting, assigning or confirming all and singular the rights in, pledge and grant of a security interest in the Trust Estate hereby pledged or assigned in trust, or intended so to be, or which the Issuer may hereafter become bound to pledge or assign in trust.

Section 6.07. Powers as to Bonds and Pledge. The Issuer is duly authorized pursuant to law to authorize and issue the Bonds, to enter into this Indenture and to pledge, assign, transfer and set over unto the Trustee in trust the Trust Estate herein purported to be so pledged, assigned, transferred and set over unto the Trustee in trust hereby in the manner and to the extent provided herein. The Trust Estate so pledged, assigned, transferred and set over in trust is and will be free and clear of any pledge, lien, charge or encumbrance thereon with respect thereto prior to, or of equal rank with, the pledge and assignment in trust created hereby, and all action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions hereof are and will be the valid and binding limited obligations of the Issuer in accordance with their terms and the terms hereof. The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment in trust of the Trust Estate created hereby and all the rights of the Bondholders hereunder against all claims and demands of all persons whomsoever. The Bonds shall not be deemed to constitute a debt or liability of the State or any political subdivision thereof, other than the Issuer to the limited extent herein provided, or a pledge of the faith and credit or the taxing power of the State or of any such political subdivision, but shall be payable solely from funds provided therefor pursuant hereto.

Section 6.08. Preservation of MBS Revenues; Amendment of Agreements. The Issuer shall not take any action to interfere with or impair the pledge and assignment hereunder of the Trust Estate, or the Trustee's enforcement of any rights hereunder or under the Financing Agreement or the Regulatory Agreement without the prior written consent of the Trustee. The Trustee may give such written consent, and may itself take any such action or consent to an amendment or modification to the Financing Agreement, the Regulatory Agreement or the MBS, only with the written consent of Fannie Mae and the Construction Lender (but only prior to the Conversion Date), and following receipt by the Trustee of written confirmation from the Rating Agency that the taking of such action or the execution and delivery of such amendment or modification will not adversely affect the rating then assigned to the Bonds by the Rating Agency, and if the Trustee shall have received an opinion of Bond Counsel to the effect that such action or such amendment or modification will not affect adversely the validity of the Bonds or the exclusion from gross income for federal income tax purposes of interest on the Bonds. Notwithstanding the foregoing, Fannie Mae and the Borrower may amend the Mortgage Note and the Mortgage without the consent of the Issuer, the Trustee or the holders of the Bonds so long as any such amendment does not change the amount of principal due under, or the rate of interest payable on the unpaid principal amount of, the MBS or otherwise reduce or modify the payments due under the MBS or adversely impact the tax-exempt status of the Bonds.

Section 6.09. Assignment. Any assignment of the Issuer's rights in favor of the Trustee shall not include Reserved Rights.

Section 6.10. Request and Indemnification. Where the consent of or other action on the part of the Issuer is required in this or any other document, the Issuer shall have no obligation to act unless first requested to do so, and the Issuer shall have no obligation to expend time or money or to otherwise incur any liability unless indemnity satisfactory to the Issuer has been furnished to it.

Section 6.11. Limitations on Liability. Notwithstanding anything in this Indenture or in the Bonds, the Issuer shall not be required to advance any money derived from any source other than the Trust Estate, consisting of MBS Revenues and other assets pledged under this Indenture for any of the purposes of this Indenture.

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 from the application of the Trust Estate, consisting of MBS Revenues and other proceeds 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 or in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial and pecuniary charge except to the extent that the same can be paid or recovered from the Financing Agreement or the Trust Estate, consisting of MBS Revenues and other assets pledged to the payment of the Bonds or the proceeds of the Bonds.

ARTICLE VII

DISCHARGE OF INDENTURE

Section 7.01. Defeasance. (a) If all Bonds shall be paid and discharged as provided in this Section, then all obligations of the Trustee and the Issuer under this Indenture with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to Sections 2.08 and 2.16, (ii) the obligation of the Issuer to pay the amounts owing to the Trustee under Section 9.02 from the Trust Estate, and (iii) the obligation of the Issuer to comply with Sections 6.03 and 9.12. Any funds held by the Trustee at the time of such termination which are not required for payment to Bondholders or for payment to be made by the Issuer, shall be paid as provided in Section 5.12.

Any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under this Indenture if paid or discharged in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of, premium, if any, and interest on such Bond which have become due and payable; or

(b) by depositing with the Trustee, in trust, cash which, together with the amounts then on deposit in the Revenue Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof; or

(c) by depositing with the Trustee, in trust, any investments listed under the definition of Eligible Investments in Section 1.01 in such amount as in the written opinion of a certified public accountant or nationally recognized verification agent will, together with the interest to accrue on such Eligible Investments without the need for reinvestment, be fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond shall not have been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) of subsection (a) above shall be deemed a payment of such Bond until the earlier to occur of:

(a) if such Bond is by its terms subject to redemption within 45 days, proper notice of redemption of such Bond shall have been previously given in accordance with Section 3.02 to the holder thereof or, in the event such Bond is not by its terms subject to redemption within 45 days of making the deposit under clauses (ii) and (iii) of subsection (a) above, the Issuer shall have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid, notice to the holder of such Bond as soon as practicable stating that the deposit required by clauses (ii) or (iii) of subsection (a) above, as applicable, has been made with the Trustee and that such Bond is deemed to have been paid and further stating such

redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon; or

(b) the Bond Maturity Date.

(c) The Trustee shall be entitled to receive a report from a nationally recognized accounting firm to provide for the payment of all Bonds to be defeased pursuant to this Section.

(d) In addition to the circumstances described in paragraph (a) above, any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under this Indenture if and to the extent of an exchange of such Bond or portion thereof for the MBS or an interest therein as provided in Section 2.16 hereof.

Section 7.02. Unclaimed Moneys. Anything herein to the contrary notwithstanding, and subject to applicable escheatment laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at maturity or by call for redemption, if such moneys are held by the Trustee at said date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such Bonds became due and payable, shall be paid by the Trustee to the Issuer as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the holders of such Bonds shall look only to the Issuer for the payment thereof; provided, however, that before being required to make any such payment to the Issuer, the Trustee shall cause to be mailed to the holders of such Bonds, at their addresses shown on the Bond Register, notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 nor more than 60 days after the date of mailing such notice, the balance of such moneys then unclaimed will be paid to the Issuer; and provided further, that the provisions of this Section shall not apply to the extent disposition of any moneys so held by the Trustee shall be governed by any laws applicable to the Trustee or the Issuer dealing with the disposition of such unclaimed property.

Section 7.03. No Release of MBS. Except as provided in this Section and in Section 7.04, the Trustee shall not release and discharge the MBS from the lien of this Indenture until the principal of, premium, if any, and interest on the Bonds shall have been paid or duly provided for under this Indenture. The Trustee shall not release or assign the MBS to any person other than a successor Trustee so long as Fannie Mae shall not be in default thereunder (except to the limited extent expressly provided for in Section 2.16).

Section 7.04. Transfer of MBS. While the Bonds are Outstanding, the Trustee shall maintain the MBS in book-entry form in the name of the Trustee and may not sell, assign, transfer or otherwise dispose of the MBS (except to the limited extent expressly provided for in Section 2.16).

Section 7.05. Issuance of Additional Obligations. The Issuer shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness secured by a charge and lien on the Trust Estate, consisting of MBS Revenues and other moneys,

securities, funds and property pledged by this Indenture, other than the Bonds authorized under Section 2.01.

ARTICLE VIII

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 8.01. Events of Default. Each of the following shall constitute an Event of Default under this Indenture:

(a) On and after the MBS Delivery Date, failure by Fannie Mae to pay principal, interest or premium, if any, due under the MBS (upon such failure, the Trustee shall notify Fannie Mae not later than the next Business Day (all such notices to be promptly confirmed in writing) and require the failure to be remedied);

(b) Failure to pay the principal, interest or premium, if any, on the Bonds when the same shall become due; or

(c) Default in the observance or performance of any other covenant, agreement or condition on the part of the Issuer in this Indenture and the continuation of such default for a period of 90 days after written notice to the Issuer from the Trustee or the registered owners of not less than 75% in aggregate principal amount of the Bonds Outstanding at such time specifying such default and requiring the same to be remedied.

The Trustee will immediately notify in writing the Issuer, the Bondholders, the [Investor Limited Partner][Investor Member], the Permanent Lender, the Construction Lender (but only prior to the Conversion Date) and Fannie Mae after an Authorized Officer obtains knowledge or receives notice of the occurrence of an Event of Default or an event which would become an Event of Default with the passage of time or the giving of notice, or both.

Section 8.02. Acceleration; Rescission of Acceleration.

(a) Upon (i) the occurrence of an Event of Default under Section 8.01(a) or (ii) prior to the MBS Delivery Date, the occurrence of an Event of Default under Section 8.01(b), the Trustee may, and upon the written request of the holders of not less than seventy-five percent (75%) in aggregate principal amount of the Bonds Outstanding, shall declare (and shall deliver written notice of such declaration to the Issuer, the Lender, the Borrower and Fannie Mae) the principal of all Bonds Outstanding, premium, if any, and the interest accrued thereon immediately due and payable.

(b) An Event of Default (i) following the MBS Delivery Date, under Section 8.01(b) hereof, or (ii) under Section 8.01(c) hereof shall not give rise to an acceleration pursuant to this Section 8.02(a), provided, however, that following such an Event of Default, the holder of one hundred percent (100%) of the Bonds Outstanding may direct the Trustee in writing to transfer the MBS to it or its designee, in which case, the Trustee shall transfer and deliver to such requesting Beneficial Owner the Trustee's beneficial ownership interest in the MBS. The transfer described

in this Section 8.02(b) shall take effect as set forth in, and shall be governed by, the following terms:

(i) The Trustee shall transfer and deliver to such requesting owner the Trustee's beneficial ownership interest in the MBS promptly following (i) delivery to the Trustee (via DTC withdrawal or of the Bonds being exchanged, and (ii) payment by the requesting owner of the Trustee's exchange fee (\$1,000 as of the date of this Indenture) with respect to such Bonds;

(ii) The MBS will be in book-entry form;

(iii) Transfers of the MBS will be made in accordance with current market practices, including the applicable provisions of the SIFMA's Uniform Practices for the Clearance and Settlement of Mortgage Backed Securities and Other Related Securities;

(iv) Upon receipt of such Bonds from the requesting Beneficial Owner, the Trustee will promptly cancel the Bonds being exchanged, which will not be reissued;

(v) An MBS delivered in such an exchange will not be exchangeable for Bonds;

(vi) The MBS delivered in such an exchange will also be subject to any applicable disclosure requirements concerning MBSs that have been issued in connection with the multifamily mortgage lending program of a governmental housing finance agency and financed by tax-exempt obligations; and

(vii) Interest on such MBS is not excludable from gross income for federal income tax purposes. Owners of Bonds should consult their own tax advisors concerning that and other tax consequences of any exchange of a Bond for the MBS.

(c) The acceleration of the Bonds will not constitute a default under, or by itself cause the acceleration of, the MBS. If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower, the [Investor Limited Partner][Investor Member] or Fannie Mae, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on all the Bonds then due with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee shall have been made good or cured or adequate provisions shall have been made therefor, and all other defaults hereunder have been made good or cured or waived in writing by the holders of a majority in principal amount of the Bonds Outstanding, then and in every case, the Trustee on behalf of the holders of all the Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, nor shall it impair or exhaust any right or power consequent thereon.

Section 8.03. Other Remedies; Rights of Bondholders. Subject to Section 8.13, upon the happening and continuance of an Event of Default, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the holders of all Bonds, may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State or under this Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(a) By pursuing any available remedies under the Financing Agreement, the Regulatory Agreement or the MBS;

(b) Upon an Event of Default under Section 8.01(a) only, by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder (including the sale or disposition of the MBS); and

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

If an Event of Default shall have occurred, and if requested by the holders of not less than 75% in aggregate principal amount of the Bonds Outstanding, and upon being indemnified to its satisfaction, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, shall deem to be in the best interests of the Bondholders subject to the limitations set forth above and in this Indenture.

No right or remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Bondholders hereunder or under the Financing Agreement, the Regulatory Agreement or the MBS or now or hereafter existing at law or in equity.

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

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

Section 8.04. Representation of Bondholders by Trustee. The Trustee is hereby irrevocably appointed (and the Bondholders, by accepting and holding their Bonds, shall be conclusively deemed to have so appointed the Trustee and to have mutually covenanted and agreed, each with the other, not to revoke such appointment) the true and lawful attorney in fact of the Bondholders with power and authority, in addition to any other powers and rights heretofore granted the Trustee, at any time in the Trustee's discretion to make and file, in any proceeding in

bankruptcy or judicial proceedings for reorganization or liquidation of the affairs of the Issuer, either in the respective names of the Bondholders or on behalf of all the Bondholders as a class, any proof of debt, amendment of proof of debt, petition or other document, to receive payment of any sums becoming distributable to the Bondholders, and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

In the enforcement of any rights and remedies hereunder, the Trustee in its own name and as trustee of an express trust on behalf of and for the benefit of the holders of all Bonds, shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any Event of Default becoming, and at any time remaining, due from the Issuer for principal, premium, if any, interest or other moneys, under any provision hereof or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders.

Section 8.05. Action by Trustee. All rights of action hereunder or upon any of the Bonds enforceable by the Trustee may be enforced by the Trustee without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee may be brought in its name for the ratable benefit of the holders of such Bonds subject to the provisions hereof.

In any action, suit or other proceeding by the Trustee, the Trustee shall be paid fees, counsel fees and expenses in accordance with Section 9.02.

Section 8.06. Accounting and Examination of Records After Default. The Issuer covenants with the Trustee and the Bondholders that, if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Issuer relating to the Bonds and the Project shall at all times during normal business hours be subject to the inspection and use of the Trustee and of its agents and attorneys.

Section 8.07. Restriction on Bondholder Action. No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision hereof or for the execution of any trust hereunder or for any other remedy hereunder, unless (a)(i) such holder previously shall have given to the Issuer and the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and (ii) after the occurrence of such Event of Default, a written request shall have been made of the Trustee to institute such suit, action or proceeding by the holders of not less than 25% in aggregate principal amount of the Bonds Outstanding and there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs and liabilities to be incurred therein or thereby, and (iii) the Trustee shall have been enjoined or restrained from complying or shall have refused or neglected or otherwise failed to comply with such request within a reasonable time; or (b)(i) such holder previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding, and (ii) such suit, action or proceeding is brought for the ratable benefit of the Bondholders subject to the provisions hereof.

Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on his or her Bonds or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each Bond to the holder thereof, at the time and place and from the source expressed in such Bonds and pursuant to the terms of the Bonds and this Indenture.

No holder of any Bond shall have any right in any manner whatever by his or her action to affect, disturb or prejudice the pledge of the Trust Estate, consisting of MBS Revenues and any other moneys, funds or securities hereunder, or, except in the manner and on the conditions in this Section provided, to enforce any right or duty hereunder.

Section 8.08. Application of Moneys After Default. All moneys collected by the Trustee at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the Revenue Fund. Such moneys so credited to the Revenue Fund and all other moneys from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article V and this Section.

Subject in all instances to the provisions of Section 8.11, in the event that at any time the moneys credited to the Revenue Fund, or any other funds held by the Issuer or the Trustee available for the payment of interest or principal then due with respect to the Bonds, shall be insufficient for such payment, such moneys and funds (other than funds held for the payment or redemption of particular Bonds as provided in Section 5.14) shall be applied as follows:

(a) Only in the event that there has been an Event of Default hereunder pursuant to Section 8.01(a) as a result of a failure by Fannie Mae to make payments under the MBS, for payment of all amounts due to the Trustee incurred in performance of its duties under this Indenture and the other documents executed in connection therewith, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under this Indenture and the other documents executed in connection herewith;

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and, if the amount available is not sufficient to pay in full all the principal of and premium, if any, on the Bonds so due on any date, then to the payment of principal ratably, according to the amounts due on such date, to the persons entitled

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

(c) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal of, premium, if any, and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Section 8.09. Control of Proceedings. In the case of an Event of Default pursuant to Section 8.01(a), the holders of a majority in aggregate principal amount of the Bonds Outstanding shall have the right, subject to the provisions of Section 8.07, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not be taken lawfully, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or otherwise adversely affect the Trustee or be unjustly prejudicial to Bondholders not parties to such direction.

Section 8.10. Waivers of Events of Default. The Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the holders of a majority in aggregate principal amount of all Bonds Outstanding with respect to which there is an Event of Default; provided, however, that there shall not be waived (a) any default in the payment of the principal amount of any Bonds at the date of maturity specified therein or upon proceedings for mandatory redemption, or (b) any default in the payment when due of the interest or premium, if any, on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such monetary default, shall have been paid or provided for, and in case of any such waiver or rescission, the Issuer, the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively.

No such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto; and no delay or omission of the Trustee or of any Bondholders to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein.

Section 8.11. Subordination. No claim for interest on any of the Bonds which claim in any way at or after maturity shall have been transferred or pledged by the holder thereof

separate and apart from the Bond to which it relates, unless accompanied by such Bond, shall be entitled in case of an Event of Default hereunder to any benefit by or from this Indenture except after the prior payment in full of the principal of and premium, if any, on all of the Bonds then due and of all claims for interest then due not so transferred or pledged.

Section 8.12. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or determined adversely to the Trustee, then in every such case the Issuer, the Borrower, the Trustee and the Bondholders 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 8.13. No Interference or Impairment of MBS. Notwithstanding any other provision of this Indenture to the contrary, so long as the MBS remains outstanding and Fannie Mae is not in default in its payment obligations thereunder, neither the Issuer, the Trustee nor any person under their control shall, without the prior written consent of Fannie Mae, exercise any remedies or direct any proceedings under this Indenture other than to (a) enforce rights under the MBS, (b) enforce the tax covenants in this Indenture and the Financing Agreement, or (c) enforce rights of specific performance under the Regulatory Agreement; provided, however, that any enforcement under subsections (b) or (c) above shall not include seeking monetary damages other than actions for the Issuer Fees and Expenses or the Trustee Fees and Expenses.

Nothing contained in this Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Trustee to pay the principal of, premium, if any, and interest on the Bonds issued hereunder to the respective holders thereof, at the time, in the place, from the sources and in the manner expressed herein and in said Bonds.

ARTICLE IX

THE TRUSTEE

Section 9.01. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions and no implied covenants or conditions shall be read into this Indenture against the Trustee:

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

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be

answerable for the conduct of the same if appointed with reasonable care, and shall be entitled to advice of counsel concerning all matters of the trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorneys (who may be the attorney or attorneys for the Issuer, the Borrower or Fannie Mae) 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 or non-action taken in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for insuring the Project or collecting any insurance moneys, or for the registration, filing or recording or re registration, re-filing or re-recording of this Indenture or the Mortgage or any financing statements relating hereto or thereto or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the Project or otherwise as to the maintenance of the security hereof. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Borrower under the Financing Agreement, except as hereinafter set forth; but the Trustee may require of the Issuer or the Borrower full information and advice as to their performance of the covenants, conditions and agreements aforesaid. The Trustee acknowledges it has assumed certain duties of the Issuer under the Financing Agreement and the Regulatory Agreement.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if it were not Trustee hereunder. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the holders of a majority in aggregate principal amount of the Bonds Outstanding.

(e) The Trustee shall be protected in acting under any notice, request, consent, certificate, order, affidavit, letter, facsimile transmission, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely (unless

other evidence in respect thereof is herein specifically prescribed) upon an Officer's Certificate as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept an Officer's Certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate signed by an Attesting Officer of the Issuer as conclusive evidence that a resolution of the governing body of the Issuer has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its own negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder except a default in payment when due of the principal of, premium, if any, or interest on any Bond or the failure of the Issuer or the Borrower to file with the Trustee any documents required by this Indenture, the Financing Agreement or the Regulatory Agreement to be so filed subsequent to the issuance of the Bonds unless the Trustee shall be specifically notified in writing of such default or Event of Default by the Issuer or by the holders of at least 75% in aggregate principal amount of Bonds Outstanding 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 office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default or Event of Default except as aforesaid.

(i) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right fully to inspect any and all of the property herein conveyed, including the Project and all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired, provided that such inspection be made and any such memoranda be taken and used on a basis that will insure the confidentiality thereof and of any results thereof.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers or otherwise in respect of the premises granted in this Indenture.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Indenture (other than enforcement of the Regulatory Agreement), any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of

any cash, the release of any property or the taking of any other action by the Trustee, but the resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warranty, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

(l) Before taking any action under Article VIII of this Indenture, the Trustee may require that a satisfactory indemnity bond or other indemnity satisfactory to the Trustee be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in conjunction with any action so taken.

(m) All moneys received by the Trustee, until used, applied or invested as herein provided, shall be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(o) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and the final payment or the defeasance of the Bonds (or the discharge of the Bonds or the defeasance of the lien of this Indenture).

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

(q) The Trustee shall have no responsibility, opinion or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(r) The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment in trust of the Trust Estate created hereby and all the rights of the Bondholders hereunder against all claims and demands of all persons whomsoever.

Section 9.02. Fees, Charges and Expenses of Trustee. Notwithstanding any provision to the contrary herein, but subject to the limitations set forth in the Extraordinary Trustee Fees and Expenses as defined in Section 1.01 hereof, the Trustee shall be entitled to payment for reasonable fees for its services rendered hereunder and under the Financing Agreement and reimbursement for all advances, counsel fees and other expenses reasonably made or incurred by the Trustee (including any co-Trustee) in connection with such services which shall be paid from time to time as provided in the Financing Agreement; provided that no such amounts shall be paid to the Trustee from the proceeds of the MBS. Upon an Event of Default under Section 8.01(a) as a result of a failure by Fannie Mae to make payment under the MBS, but only upon such an Event of Default, the Trustee shall have a lien upon the Trust Estate for extraordinary fees, charges and expenses incurred by it. The Issuer shall require the Borrower to indemnify and save harmless the

Trustee against any liabilities which the Trustee may incur in the exercise and performance of its powers and duties hereunder, under the Financing Agreement and under the Regulatory Agreement which are not due to its own negligence or willful misconduct, and to reimburse the Trustee for any fees and expenses of the Trustee to the extent they exceed funds available under this Indenture for the payment thereof, subject only to the right of the Borrower to contest the reasonableness of any such fees or the necessity for any such expenses. The Trustee shall continue to perform its duties and obligations hereunder until such time as its resignation or removal is effective pursuant to Section 9.05 or Section 9.06, respectively.

Section 9.03. 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 Bondholders and shall do so if requested in writing by the owners of at least 75% in aggregate principal amount of Bonds Outstanding, subject to receipt of indemnity as provided in Section 9.01(l). The rights and obligations of the Trustee under this Section are subject to receipt of any approval of a court of competent jurisdiction which may be required by law as a condition to such intervention.

Section 9.04. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 9.05. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the Issuer, the Construction Lender (but only prior to the Conversion Date) and Fannie Mae, and such resignation shall only take effect upon the appointment, pursuant to Section 9.07, of, and acceptance by, a successor Trustee. The successor Trustee shall give notice of such succession by first class mail, postage prepaid, to each Bondholder at the address of such Bondholder shown on the Bond Register.

Section 9.06. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, Fannie Mae and the Construction Lender (but only prior to the Conversion Date), and signed by the Issuer (or if an Event of Default shall have occurred and be continuing, by the owners of a majority in aggregate principal amount of the Bonds Outstanding, in which event such instrument or instruments in writing shall also be delivered to the Issuer) provided that such removal shall not take effect until the appointment of a successor Trustee by the Issuer (or by the Bondholders).

Section 9.07. Appointment of Successor Trustee. In case at any time the Trustee or any successor thereto shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Trustee or of its property shall be appointed, or if any public officer shall take charge or control of such

Trustee or of its property or affairs, a successor may be appointed by the Issuer with the approval of Fannie Mae (if it is not in default in its obligations under the MBS), or if Fannie Mae does not approve a successor the Issuer proposes to appoint, or if the Issuer is in default hereunder, by the holders of a majority in aggregate principal amount of the Bonds Outstanding, excluding any Bonds held by or for the account of the Issuer, by an instrument or concurrent instruments in writing signed by such Bondholders, or their attorneys duly authorized in writing, and delivered to such successor Trustee, notification thereof being given to the Issuer, Fannie Mae, the Borrower, the [Investor Limited Partner][Investor Member] and the predecessor Trustee. If in a proper case no appointment of a successor Trustee shall have been made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Issuer written notice as provided in Section 9.05 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this Section shall be a bank, trust company or national banking association, having a designated office within the State, having trust powers, with prior experience as trustee under indentures under which multifamily housing revenue bonds of public agencies or authorities are issued, and having a capital and surplus acceptable to the Issuer, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date) and Fannie Mae, willing and able to accept the office on reasonable and customary terms in light of the circumstances under which the appointment is tendered and authorized by law to perform all the duties imposed upon it hereby, if there be such an institution meeting such qualifications willing to accept such appointment.

Section 9.08. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer and Fannie Mae, and any Bondholder which shall request the same, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if named herein as such Trustee, but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, Fannie Mae or the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any properties held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request, and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

Section 9.09. Successor Trustee as Bond Registrar, Custodian of Funds and Paying Agent. In the event of a change in the Trustee, the Trustee which has resigned or been removed shall cease to be Bond Registrar, custodian of the Funds and Accounts created under this Indenture

and paying agent for the Bonds, and the successor Trustee shall become such Bond Registrar, custodian and paying agent.

Section 9.10. Collection of MBS Payments. The Trustee shall cause the MBS to be registered in the name of the Trustee or in the name of the nominee of the Trustee with such additional recitals as appropriate to indicate that the MBS is to be held by the Trustee in its capacity as Trustee hereunder subject to the provisions of Sections 7.03 and 7.04. In the event that any amount payable to the Trustee under the MBS is not received by the Trustee within one Business Day of the date such payment is due, the Trustee shall notify Fannie Mae or (if directed by Fannie Mae) the paying agent for the MBS by telephone (such notification to be immediately confirmed by telegram, telecopy or other means of instantaneous written communication) that such payment has not been received in a timely manner and request that such payment be made by wire transfer of immediately available funds to the account of the Trustee or such custodian, as the case may be.

Section 9.11. Requests from Rating Agency. The Trustee shall promptly respond in writing, or in such other manner as may be reasonably requested, to requests from the Rating Agency for information deemed necessary by the Rating Agency in order to maintain the rating assigned thereby to the Bonds. The Trustee shall promptly furnish any such requested information in its possession to the Rating Agency and shall, as may be reasonably requested by the Rating Agency, assist in efforts to obtain any necessary information from the Issuer or the Borrower or Fannie Mae as applicable.

Section 9.12. Arbitrage Covenants.

(a) Moneys and securities held by the Trustee in the Rebate Fund are not pledged or otherwise subject to any security interest in favor of the Trustee to secure the Bonds or any other payments required to be made hereunder or any other document executed and delivered in connection with the issuance of the Bonds.

(b) Moneys in the Rebate Fund shall be held separate and apart from all other Funds and Accounts established under this Indenture and shall be separately invested and reinvested by the Trustee in Eligible Investments. The interest accruing thereon and any profit realized therefrom shall be credited to the Rebate Fund, and any loss resulting therefrom shall be charged to the Rebate Fund. The Trustee shall sell and reduce to cash a sufficient amount of such Eligible Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(c) The Trustee covenants that it will invest funds held under this Indenture in accordance with the covenants and terms of this Indenture and the Tax Certificate (this covenant shall extend through the Bond Maturity Date to all Funds and Accounts created under this Indenture and all money on deposit to the credit of any such Fund or Account). The Trustee covenants that, notwithstanding any other provisions of this Indenture or of any other Financing Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Bonds to be classified as “arbitrage bonds” within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Bonds to be includable in

gross income for federal income tax purposes (this covenant shall extend through the Bond Maturity Date to all Funds and Accounts created under this Indenture and all money on deposit to the credit of any such Fund or Account). Pursuant to this covenant, with respect to the investments of the Funds and Accounts under this Indenture, the Trustee obligates itself to comply, so long as any Bonds remain Outstanding, with the requirements of Sections 103(b) and 148 of the Code; provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Issuer, Bond Counsel or the Rebate Analyst. The Trustee further covenants that should the Issuer or the Borrower file with the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so file), or should the Trustee receive, an opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Bonds would cause the Bonds to become "arbitrage bonds," then the Trustee will comply with any written instructions of the Issuer, the Borrower or Bond Counsel regarding such investment (which shall, in any event, be an Eligible Investment) or use so as to prevent the Bonds from becoming "arbitrage bonds," and the Trustee will bear no liability to the Issuer or the Borrower for investments made in accordance with such instructions.

(d) The Issuer hereby covenants to provide, or to cause the Borrower to provide, at the Borrower's expense, for the calculation by the Rebate Analyst, and rebate to the federal government, in accordance with the Code, of excess investment earnings to the extent required by Section 148(f) of the Code.

(e) The determination of the Rebate Amount shall be made by the Rebate Analyst in accordance with the Tax Certificate and the Rebate Amount shall be paid at such times and in such installments as provided therein. As further provided in the Tax Certificate, the Borrower shall be responsible for calculating or causing to be calculated and paying the Rebate Amount.

(f) In order to provide for the administration of this Section, the Trustee may provide for the employment of independent attorneys, accountants and consultants compensated on a reasonable basis and in addition and without limitation of the provisions of Section 9.01, the Trustee may rely conclusively upon and be fully protected from all liability in relying upon the opinions, determinations, calculations and advice of such attorneys, accountants and consultants employed hereunder.

(g) The Borrower shall be responsible for any fees and expenses incurred by the Issuer or the Trustee under or pursuant to this Section.

(h) Withdrawals from the Rebate Fund may be made to the extent the Rebate Analyst determines that amounts on deposit therein exceed amounts required to be on deposit therein pursuant to this Section. All amounts so withdrawn shall be transferred to the Revenue Fund.

(i) The provisions of this Section may be amended or deleted from this Indenture upon receipt by the Issuer and the Trustee of an Opinion of Bond Counsel that such amendment or deletion will not adversely affect the exclusion of the interest on the

Bonds from gross income for federal income tax purposes. Any moneys on deposit in the Rebate Fund may be applied by the Trustee as permitted in such Opinion. Fees and expenses incurred in connection with the determination of rebatable arbitrage shall be paid by the Borrower pursuant to the provisions of the Financing Agreement.

(j) In the event of a conflict between the provisions of this Section 9.12 and the Tax Certificate, the provisions of the Tax Certificate shall control.

Section 9.13. Compliance of Borrower Under Regulatory Agreement. The Trustee shall give written notice to the Issuer, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date), the [Investor Limited Partner][Investor Member] and Fannie Mae of any failure by the Borrower to comply with the terms of the Regulatory Agreement.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures Effective Upon Acceptance. For any one or more of the following purposes and at any time or from time to time, the Issuer and the Trustee may enter into a Supplemental Indenture which, upon the execution and delivery thereof by the Issuer and by the Trustee, and with the prior written consent of Fannie Mae, the Permanent Lender and the Construction Lender (but only prior to the Conversion Date), but without the necessity of consent of the Bondholders, shall be fully effective in accordance with its terms:

(a) To add to the covenants or agreements of the Issuer herein contained other covenants or agreements to be observed by the Issuer or to otherwise revise or amend this Indenture in a manner which are/is not materially adverse to the interests of the Bondholders;

(b) To add to the limitations or restrictions herein contained other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the provisions hereof as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Issuer herein, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained herein and is not materially adverse to the interests of the Bondholders;

(d) To confirm, as further assurance, any pledge of the Trust Estate hereunder and the subjection to any lien on or pledge of the Trust Estate created or to be created hereby;

(e) To appoint a co-trustee or successor Trustee or successor co-trustee;

(f) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision herein;

(g) To insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not materially adverse to the interests of the Bondholders; and

(h) To make such changes and modifications that are necessary or desirable to provide for all interest, principal and premium, if any, paid with respect to the Bonds are in the exact respective amounts of the payments of interest, principal and premium, if any, paid under and pursuant to the MBS.

Section 10.02. Supplemental Indentures Requiring Consent of Bondholders. In addition to those amendments to this Indenture which are authorized by Section 10.01, any modification or amendment of this Indenture may be made by a Supplemental Indenture with the written consent, given as hereinafter provided in Section 10.03, of Fannie Mae and the holders of at least two thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given; provided, however, that no such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of such Bond, (b) reduce the proportion of Bonds the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under this Indenture prior to or on a parity with the lien of this Indenture, (d) deprive the holders of the Bonds of the lien created by this Indenture upon the Trust Estate (except as expressly provided in this Indenture), without (with respect to (b) through (d)) the consent of the holders of all Bonds Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

Section 10.03. Consent of Bondholders. The Issuer and the Trustee may, at any time, execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 10.02, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in a form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to the Bondholders. Such Supplemental Indenture shall not be effective unless there shall have been filed with the Trustee (a) the written consents of Fannie Mae and the holders of the proportion of Outstanding Bonds specified in Section 10.02, and (b) an Opinion of Bond Counsel stating that such Supplemental Indenture has been duly and lawfully entered into by the Issuer in accordance with the provisions of this Indenture, is authorized or permitted by the provisions of this Indenture, and, when effective, will be valid and binding upon the Issuer. Each such consent of the Bondholders shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 11.01. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient under the provisions of Section 11.01 shall be conclusive that the consents have been given by the Bondholders described in such certificate or certificates. Any such consent shall be binding upon the Bondholder giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof). At any time after the holders of the required proportion of Bonds shall have filed

their consents to such Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the holders of such required proportion of Bonds have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. Within 90 days after filing such statement, the Trustee shall mail to the Bondholders a notice stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture executed by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required proportion of Bonds and will be effective as provided in this Section, but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section 10.03 provided. The Trustee shall file with the Issuer proof of the mailing of such notice to the Bondholders. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such modification or amendment shall be deemed conclusively binding upon the Issuer, the Trustee and the holders of all Bonds upon the execution thereof and the filing by the Trustee with the Issuer of the statement that the required proportion of Bondholders have consented thereto.

The Issuer may conclusively rely upon the Trustee's determination that the requirements of this Section have been satisfied.

Section 10.04. Modification by Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions hereof and the rights and obligations of the Issuer and the Bondholders hereunder, in any particular, may be modified or amended in any respect upon execution and delivery of a Supplemental Indenture by the Issuer and the Trustee making such modification or amendment and the consent to such Supplemental Indenture of Fannie Mae, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date) and the holders of all of the Bonds Outstanding, such consent to be given and proved as provided in Section 10.03 except that no notice to Bondholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the written assent thereto of the Trustee, in addition to the consent of the Bondholders.

Section 10.05. Exclusion of Bonds. Bonds owned or held by or for the account of the Issuer or the Borrower shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, unless all of the Bonds are owned or held by or for the account of the Issuer or the Borrower. In the event that not all of the Bonds are owned or held by or for the account of the Issuer or the Borrower, then neither the Issuer nor the Borrower, as the case may be, shall be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, in the event that any Bonds (but not all of the Bonds) are then owned by or for the account of the Issuer, the Issuer shall furnish to the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded. The Trustee shall be obligated to exclude as aforesaid only such Bonds as are shown by the Bond Register or are otherwise known by the Trustee to be so owned or held.

Section 10.06. Notation on Bonds. Bonds delivered after the effective date of any action taken as provided in this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Issuer and the Trustee as to such action, and

in that case upon demand of the holder of any Bond Outstanding at such effective date and presentation of such Bond for such purpose at the principal office of the Trustee, suitable notation shall be made on such Bond by the Trustee as to any such action. If the Issuer or the Trustee shall so determine, new Bonds notated as in the opinion of the Trustee and the Issuer may be required to conform to such action shall be prepared and delivered, and upon demand of the holder of any Bond Outstanding, shall be exchanged, without cost to such Bondholder, for Bonds of the same series, designation, maturity and interest rate Outstanding upon surrender of such Bonds.

Section 10.07. Additional Contracts or Indentures. The Issuer, so far as it may be authorized by law, may enter, and if requested by the Trustee, shall enter into additional contracts or indentures with the Trustee giving effect to any modification or amendment of this Indenture as provided in this Article.

Section 10.08. Opinion of Bond Counsel Concerning Supplemental Indentures. The Trustee shall not execute or consent to any Supplemental Indenture unless prior to the execution and delivery thereof the Trustee shall have received the written Opinion of Bond Counsel to the effect that the modifications or amendments effected by such Supplemental Indenture will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or adversely affect the exemption of interest of the Bonds from personal income taxation by the State and are authorized and permitted under the provisions of this Indenture.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, or the holding by any person of any Bonds, shall be sufficient for any purpose hereof if made in the following manner or in any other manner satisfactory to the Trustee which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Bondholder or his or her attorney of any such instrument (other than the Bond) may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act that the person signing such instrument acknowledged to him or her the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer, or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, trust company or duly licensed securities broker or dealer satisfactory to the Trustee that the person signing such instrument acknowledged to such bank, trust company, broker or dealer the execution thereof;

(b) The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is authorized by a corporate resolution (a copy of which shall be delivered to the Trustee) and signed by a person purporting to be the president or a vice president of such corporation; and

(c) The holding of Bonds, the amount, numbers and other identification thereof, and the date of holding the same, shall be proved by the Bond Register.

Any request, consent or other instrument executed by the registered owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Trustee in accordance herewith in reliance on such request, consent or other instrument.

Section 11.02. Details of Documents Delivered to Trustee. Matters required to be stated in any document signed by any Authorized Officer or in any accountant's certificate, Counsel's Opinion or Officer's Certificate may be stated in separate documents of the required description or may be included in one or more thereof.

Section 11.03. Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by the Trustee under the provisions hereof shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer, Fannie Mae or any Bondholder and their agents and representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of the Trustee, be destroyed or otherwise disposed of at any time six years after such date as the pledge of the Trust Estate created hereby shall be discharged as provided in Section 7.01.

Section 11.04. No Recourse on Bonds. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any of its officers or employees or members of its governing body, past, present or future, in his or her individual capacity, and no recourse shall be had for the payment of the principal of, premium, if any, or Redemption Price or purchase price of or interest on the Bonds or for any claim based thereon or on this Indenture or any other Issuer Document or the Financing Documents against any such member, officer, employee or agent of the Issuer, past present or future, or any natural person executing the Bonds.

Section 11.05. Severability. If any one or more of the provisions, covenants or agreements in this Indenture on the part of the Issuer or the Trustee to be performed should be illegal, inoperative, unenforceable or contrary to law, then such provision or provisions, covenant or covenants, agreement or agreements, shall be deemed severable from the remaining provisions, covenants and agreements, and shall in no way affect the validity of the other provisions hereof or of the Bonds.

Section 11.06. Notices. Unless otherwise specified in this Indenture, it shall be sufficient service or giving of any notice, request certificate, demand or other communication if the same is sent by (and all notices required to be given by mail will be given by) first-class

registered or certified mail, postage prepaid, return receipt requested, or by private courier service which provides evidence of delivery, or sent by Electronic Means which produces evidence of transmission, and in each case will be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission. Unless a different address is given by any party as provided in this Section, all such communications will be addressed as follows:

To the Issuer:	Austin Housing Finance Corporation 1000 East 11 th St. Austin, TX 78702 Attention: Program Manager Phone: (512) 974-3192
To the Trustee:	Wells Fargo Bank, N.A. 1 Independent Dr., Floor 6 Jacksonville, FL 32202 Attention: Telephone:
To the Borrower:	MHP City Heights, Ltd. 1301 Chicon, Suite 101 Austin, TX 78702 Attention: Telephone:
With a copy to:	Locke Lord LLP 600 Congress Ave., Suite 2200 Austin, TX 78701 Attention: Telephone:
To the Rating Agency:	Moody's Investors Service, Inc. 7 World Trade Center 250 Greenwich Street, 16th Floor New York, NY 10007 Attention: Public Finance Group-Housing Team Electronic notices to: Housing@moody.com
To Fannie Mae:	Fannie Mae 1100 15th Street, NW Washington, DC 20005 Attention: Director, Multifamily Asset Management Telephone: (202) 752-6634

Facsimile: (240) 699-3880
RE: [BOND NAME; LENDER NAME]

with a copy to:

DLA Piper LLP (US)
2000 Avenue of the Stars
Suite 400 North Tower
Los Angeles, CA 90067-4704
Attention: Masood Sohaili
Telephone: (310) 595-3040
Facsimile: (310) 595-3340

To the Underwriter:

Wells Fargo Securities
30 Hudson Yards, 62nd Floor
New York, NY 10001
Attention:
Telephone:
Email:

with a copy to:

Tiber Hudson LLC
1900 M Street, NW, 3rd Floor
Washington, DC 20036
Attention: Kent S. Neumann
Telephone: (202) 973-0107
Email: kent@tiberhudson.com

To the Lender (prior to Conversion Date):

[LENDER]
[NOTICE ADDRESS]
Attention:
Telephone:
Email:

with a copy to:

[LENDER COUNSEL]
[NOTICE ADDRESS]
Attention:
Telephone:

To the Lender (on and after Conversion Date):

[LENDER]
[NOTICE ADDRESS]
Attention:
Telephone:
Email:

with a copy to:

[LENDER COUNSEL]
[NOTICE ADDRESS]
Attention:

Telephone:

To the [Investor Limited Partner][Investor Member]: [INVESTOR]
[NOTICE ADDRESS]
Attention:
Telephone:

With a copy to: [INVESTOR COUNSEL]
[NOTICE ADDRESS]
Attention:
Telephone:

Copies of all notices given to Fannie Mae must be given concurrently to the Permanent Lender and the Construction Lender (but only prior to the Conversion Date). By notice given under this Indenture, any entity whose address is listed in this Section may designate any different address to which subsequent notices, certificates, requests, demands or other communications shall be sent, but no notice directed to any one such entity (except for Fannie Mae) will be required to be sent to more than two addresses. All approvals required under this Indenture will be given in writing. In addition, any notification received by the Trustee from the Lender shall be sent by the Trustee to the Bondholders as soon as practical after receipt thereof.

Section 11.07. Certain Notices to be Provided to the Rating Agency. In addition, the Trustee shall provide notice to the Rating Agency under the following circumstances: (i) prepayments with respect to the MBS, in whole or in part; (ii) defeasance or discharge of this Indenture; (iii) release from the trust estate of (A) the pledge of the MBS or (B) the assignment of the MBS Revenues received; (iv) supplements or amendments to the Financing Documents or Mortgage Note; (v) extension of the MBS Delivery Date Deadline; (vi) appointment of a successor Trustee; (vii) sale of Eligible Investments at a price below par; (viii) any change in the investment of funds subject to the lien of this Indenture, (ix) any exchange of the Bonds for the MBS as described in Section 2.16 hereof, and (x) Events of Default of which the Trustee has actual notice.

Section 11.08. Action Required to be Taken on a Non-Business Day. In any case where any Payment Date, any other date fixed for the payment of interest on or principal of the Bonds, any maturity date or any date fixed for redemption of any Bonds, shall be a day other than a Business Day, then any payment of interest or principal (and premium, if any) required to be made on such date need not be taken or made on such date but may be taken or made on the next succeeding Business Day with the same force and effect as if made or taken on the date herein otherwise provided and, in the case of any Payment Date, no interest shall accrue for the period from and after such date.

Section 11.09. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Issuer, the Trustee, Fannie Mae and the holders of the Bonds, any right, remedy or claim under or by reason hereof, and any covenants, stipulations, obligations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, Fannie Mae and the Bondholders.

Section 11.10. 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 11.11. Tax Certificate. In the event of any conflict between this Indenture and the Tax Certificate, the requirements of the Tax Certificate shall control.

Section 11.12. Applicable Provisions of Law; Venue. This Indenture and the Bonds are contracts made under the laws of the State and shall be construed in accordance with and governed by the Constitution and the laws of the State applicable to contracts made and performed in the State. This Indenture and the Bonds shall be enforceable in the State, and any action arising hereunder or in connection with the Bonds shall (unless waived by the Issuer in writing) be filed and maintained in the Superior Court of Texas, County of Travis.

Section 11.13. Patriot Act Notice. The Trustee hereby notifies the Issuer that to help the government fight the funding of terrorism and money laundering activities pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Trustee to identify the Issuer in accordance with the Patriot Act. The Issuer hereby agrees that it shall promptly provide such information upon request by the Trustee.

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed on its behalf by its Authorized Officers and the Trustee, to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized signatories, all as of the day and year first above written.

AUSTIN HOUSING FINANCE
CORPORATION, as Issuer

By: _____
Rosie Truelove
Treasurer

ATTEST:

By: _____
Secretary

WELLS FARGO BANK, N.A., as Trustee

By: _____
Authorized Signatory

EXHIBIT A

FORM OF BOND

**UNITED STATES OF AMERICA
STATE OF TEXAS**

**AUSTIN HOUSING FINANCE CORPORATION
MULTIFAMILY TAX-EXEMPT MORTGAGE-BACKED BONDS
(M-TEBS) (CITY HEIGHTS APARTMENTS) SERIES 2021**

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. R-1

[\$[Par Amount]

<u>Bond Interest Rate</u>	<u>Bond Maturity Date</u> ¹	<u>Bond Dated Date</u>	<u>Bond CUSIP Number</u>
[_____]%	[_____]	[_____]	[_____]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [_____]

[ISSUER] (together with its successors and assigns, the “Issuer”), a public nonprofit corporation, duly organized and existing under the laws of the State of Texas, for value received, hereby promises to pay by check (but only from the sources specified in the Indenture hereinafter referred to) to the Registered Owner named above or registered assigns, on the Bond Maturity Date stated above subject to the provisions of the Indenture, including, but not limited to, the definition of Payment Date therein and as hereinafter defined (unless this Bond shall have been previously called for redemption and payment of the Redemption Price shall have been made or duly provided for) the Principal Amount stated above in lawful money of the United States of

¹ Provided that final payment of principal with respect to the MBS (as hereafter defined) which will be passed through to the Bondholders on the Business Day immediately following the day on which the final payment is made with respect to the MBS.

America, and to pay interest thereon in like lawful money at the Pass-Through Rate specified above in the amounts as accrued and for the periods interest is paid (except in connection with a redemption of Bonds upon failure to purchase the MBS as described in the Indenture) pursuant to the terms of the MBS, payable on each Payment Date. Interest shall be calculated on the basis of a year of Actual/360. The payment of interest on a Payment Date is the interest accrued during the preceding calendar month. There shall be no further accrual of interest on the Bonds from the Bond Maturity Date. Notwithstanding anything herein to the contrary, on and after the MBS Delivery Date, the principal, interest and premium, if any, payable on the Bonds will be calculated at the same rate and for the same periods as interest, principal and premium, if any, payable on the MBS, and will be paid, except with respect to interest payable on the Bonds if redeemed upon failure to purchase the MBS as described in the Indenture (which will be paid on the redemption date), one Business Day following receipt by the Trustee pursuant to the MBS. Interest payable on the Bonds if redeemed upon failure to purchase the MBS as described in the Indenture shall be payable on the redemption date.

“Payment Date” means (i) the 26th day of the month following the month in which the Closing Date occurs and the 26th day of each month thereafter, or the next succeeding Business Day if such 26th day is not a Business Day, until and including the 26th day of the month in which the MBS Delivery Date occurs, (ii) commencing in the first month immediately following the month in which the MBS Delivery Date occurs, the Business Day immediately after the date of receipt by the Trustee of a payment received on the MBS and (iii) with respect to any redemption in lieu of an exchange of the Bonds for the MBS pursuant to the Indenture, the day on which the Trustee receives funds pursuant to the transfer of the applicable amount of the MBS to or upon the order of the Issuer. The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Bond Maturity Date.

Interest hereon is payable by Wells Fargo Bank, N.A. (the “Trustee”). On each Payment Date, payment of the principal of and interest or premium, if any, on any Bond shall be made to the person appearing on the Bond Register as the registered owner thereof on the applicable Record Date. The principal of and the interest on the Bonds shall be payable in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts of the United States of America. Unless the Bonds are Book-Entry Bonds, the principal of the Bonds shall be payable to the registered owners thereof upon presentation (except in connection with a redemption of Bonds from principal payments or prepayments on the MBS) at the designated corporate trust office of the Trustee or its successors. Unless the Bonds are Book-Entry Bonds, payments of interest on the Bonds and redemption of Bonds from principal payments or prepayments on the MBS shall be paid by check or draft mailed to the registered owner thereof at such owner’s address as it appears on the registration books maintained by the Trustee on the applicable Record Date or at such other address as is furnished to the Trustee in writing by such owner. All payments of principal of and interest on Book-Entry Bonds shall be made and given at the times and in the manner set out in the representation letter of The Depository Trust Company, New York, New York and the provisions of the Indenture related thereto, or any replacement securities depository appointed under the Indenture.

The date of authentication of each Bond shall be the date such Bond is registered.

The Bonds shall be subject to redemption prior to maturity as follows:

(a) Mandatory Redemption prior to MBS Delivery Date. On any Payment Date that occurs prior to or during the month in which the MBS is delivered to the Trustee, the Bonds are subject to mandatory redemption in part in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Permanent Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Collateral Fund and second, from money on deposit in the Bond Proceeds Fund, and with respect to interest, from money on deposit in the Revenue Fund.

(b) Mandatory Redemption upon Failure to Convert by the Termination Date or Failure to Purchase the MBS. The Bonds are subject to mandatory redemption in whole five (5) calendar days after the MBS Delivery Date Deadline, as such date may be extended, at a Redemption Price equal to ____% of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if (i) the Conversion Date has not occurred on or prior to the Termination Date or (ii) the MBS Delivery Date has not occurred on or prior to the MBS Delivery Date Deadline, payable with respect to principal first, from money on deposit in the Collateral Fund and second, from money on deposit in the Bond Proceeds Fund, and with respect to premium, if any, from money on deposit in the Bond Premium Escrow Fund and with respect to interest, from money on deposit in the Revenue Fund.

(c) Mandatory Redemption on the MBS Delivery Date. The Bonds are subject to mandatory redemption in part on the MBS Delivery Date at a Redemption Price equal to ____% of the principal amount of the Bonds to be redeemed, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to the MBS Delivery Date, in an amount equal to the difference between (i) the principal amount of the MBS purchased on the MBS Delivery Date and (ii) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the MBS Delivery Date occurred, payable with respect to principal first, from money on deposit in the Collateral Fund and second, from money on deposit in the Bond Proceeds Fund, and with respect to interest, from money on deposit in the Revenue Fund and other Eligible Funds and with respect to premium, if any, from money on deposit in the Bond Premium Escrow Fund.

(d) Mandatory Redemption Following the MBS Delivery Date. Following the MBS Delivery Date, the Bonds are subject to mandatory redemption in whole or in part one Business Day after the date on which each principal payment or prepayment is received pursuant to the MBS, at a Redemption Price equal to ____% of the principal amount, plus interest and premium, if any, received pursuant to the MBS.

(e) Mandatory Redemption in Lieu of Exchange. The Bonds are subject to mandatory redemption in whole or in part in the event the Issuer elects pursuant to the Indenture to redeem a Beneficial Owner's Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Bonds its proportionate interest in the MBS based upon its proportionate interest in the Bonds. Any such redemption shall be

made in the amounts, from the sources and in accordance with the provisions of the Indenture.

Notwithstanding anything to the contrary in the Indenture, the Bonds are not subject to optional redemption, but are subject to redemption prior to maturity in connection with a prepayment of the Permanent Loan as set forth in the Indenture.

Anytime the Bonds are to be redeemed pursuant to the Indenture, the Trustee shall give at least twenty (20) days' notice, in the name of the Issuer, of the redemption of the Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Notice delivered as required in this paragraph with respect to a redemption pursuant to Section (b), above, may be rescinded and annulled on or before the MBS Delivery Date Deadline if (i) the MBS is delivered on or prior to the MBS Delivery Date Deadline or (ii) the MBS Delivery Date Deadline is extended pursuant to the Indenture. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption. Notwithstanding anything herein to the contrary, no notice of redemption shall be required with respect to redemptions pursuant to Sections (a) or (d) above, and notice of redemption required in connection with a redemption pursuant to Section (e) above shall be given as described in the Indenture.

A Beneficial Owner of the Bonds may file with the Trustee a written request to exchange Bonds for a like principal amount of the MBS subject to and in accordance with the Indenture.

This Bond is one of the duly authorized bonds of the Issuer designated as Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS) (City Heights Apartments) Series 2021 (the "Bonds"), limited in aggregate principal amount to \$[Par Amount] issued pursuant to the Act and pursuant to an Indenture of Trust, dated as of _____, 2021, by and between the Issuer and the Trustee (the "Indenture") and a resolution duly adopted by the governing body of the Issuer. The Bonds are limited obligations of the Issuer payable from and all equally secured by the lien of the Indenture, and the other security pledged thereby, including certain funds and accounts created pursuant thereto. The Bonds are issued for the benefit of MHP City Heights, Ltd. (the "Borrower"), to finance a multifamily rental housing development within the City of Austin, Texas, known as City Heights Apartments (the "Project"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Indenture.

The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Bond Loan Note, the Mortgage Note and the MBS (as hereafter defined), even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

The Bonds are secured by certain funds held under the Indenture as described therein, and after the MBS Delivery Date, if any, by (i) the pledge of a MBS (the “MBS”) issued by the Federal National Mortgage Association (“Fannie Mae”) and delivered to the Trustee, under the terms of which timely payment of principal of and interest on the MBS is guaranteed by Fannie Mae regardless of whether corresponding payments on the Permanent Loan are paid when due, and (ii) amounts payable under and pursuant to the MBS. After the MBS Delivery Date, the MBS is held in trust and pledged under the Indenture to secure the payment of the Bonds.

Reference is hereby made to the Act and to the Indenture, a copy of which is on file at the principal office of the Trustee, and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, of the payments and funds pledged and assigned as security for payment of the Bonds and the nature and extent thereof, of the terms on which the Bonds are issued and the terms and conditions on which the Bonds will be deemed to be paid at or prior to maturity or redemption upon provision for payment thereof in the manner set forth in the Indenture, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE ISSUER, ANY OF ITS MEMBERS, THE STATE OF [STATE], NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER. The Bonds are subject to redemption in the amounts and on the dates, in whole or in part, in the event of optional prepayment of amounts payable under the Permanent Loan and a corresponding prepayment of the MBS.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute actions to enforce the pledge, assignments in trust or covenants made therein or to take any action with respect to an Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

If an Event of Default shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the holders of at least a majority in aggregate principal amount of the Bonds Outstanding.

The Bonds are issuable only as fully registered Bonds without coupons in denominations of \$1,000.00 or any integral multiple of \$1.00 in excess thereof (an "Authorized Denomination"). Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged at the designated corporate trust office of the Trustee for Bonds in the same aggregate principal amount.

The registration of this Bond is transferable by the registered owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of this Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefore a Bond of equal aggregate principal amount of the same maturity and Authorized Denomination.

In any case where any Payment Date, any other date fixed for the payment of interest on or principal of the Bonds, any maturity date or any date fixed for redemption of any Bonds, shall be a day other than a Business Day, then any payment of interest or principal (and premium, if any) required to be made on such date need not be taken or made on such date but may be taken or made on the next succeeding Business Day with the same force and effect as if made or taken on the date herein otherwise provided and, in the case of any Payment Date, no interest shall accrue for the period from and after such date.

The Issuer and the Trustee shall treat the registered owner of this Bond as the owner hereof for all purposes, and any notice to the contrary shall not be binding on the Issuer and the Trustee.

The Indenture contains provisions permitting the Issuer and the Trustee, with the written consent of Fannie Mae and the registered owners of not less than two thirds in aggregate principal amount of the Bonds Outstanding, as specified in the Indenture, and in certain instances without such consent, to execute supplemental indentures adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the Indenture; provided, however, that no such supplemental indenture shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of such Bond, (b) reduce the proportion of Bonds the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Bonds of the lien created by the Indenture upon such Trust Estate (except as expressly provided in the Indenture), without (with respect to clauses (b) through (d)) the consent of the holders of all Bonds Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

Neither the members of the governing body of the Issuer nor any officer, agent, representative or employee of the Issuer nor any person executing this Bond shall be subject to any personal liability or accountability by reason of the issuance hereof, whether by virtue of any

Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

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

It is hereby certified and recited by the Issuer that all conditions, acts and things required by the Indenture or by the laws of the State of Texas, including the Act, to exist, to have happened or to have been performed precedent to or in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Bond and the issue of which it forms a part is within every debt and other limit prescribed by said Constitution or statutes.

In the event of any inconsistencies between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed on its behalf by the manual or facsimile signature of its Treasurer, and attested to by the manual or facsimile signature of its Secretary, all as of the date first set forth above.

AUSTIN HOUSING FINANCE
CORPORATION, as Issuer

By: _____
Title:

ATTEST:

By: _____
Title: Secretary

[FORM OF TRUSTEE’S CERTIFICATE OF AUTHENTICATION]

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

Date of Authentication:

WELLS FARGO BANK, N.A., as Trustee

By: _____
Authorized Signatory

**REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF THE COMPTROLLER OF
PUBLIC ACCOUNTS
THE STATE OF TEXAS

§
§
§

REGISTER NO. _____

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

Witness my signature and seal of office this _____.

Texas Comptroller of Public Accounts

(SEAL)

[FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social
Security Number of Assignee)

the within registered Bond and do(es) hereby irrevocably constitute and appoint, attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

NOTICE: The signature on this
assignment must correspond with the
name(s) as written on the face of the
within Bond in every particular without
alteration or enlargement or any change
whatsoever.

EXHIBIT B

NOTICE OF REQUEST TO EXCHANGE

Austin Housing Finance Corporation

Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS), (City Heights Apartments) Series 2021

The undersigned Beneficial Owner of Austin Housing Finance Corporation Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS), (City Heights Apartments) Series 2021 (the “Bonds”), hereby requests Wells Fargo Bank, N.A. (the “Trustee”) to exchange Bonds in an original face amount and current principal amount equal to \$_____ and \$_____, respectively, for a like original face amount and current principal amount of the MBS. The Bonds were issued pursuant to an Indenture of Trust dated as of _____ 1, 20__ (the “Indenture”), by and between _____ (the “Issuer”) and the Trustee. The undersigned has arranged with its securities dealer (and/or DTC participant) to deliver such Bonds to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian (“DWAC”)) on or before the business day next succeeding the date hereof (such business day being the “Exchange Date”). Once the Issuer has validated the exchange requested hereby and the DTC DWAC has been verified and approved by the Trustee, the Trustee is hereby requested to deliver free the above-referenced original face and current principal amount of the MBS using the automated book-entry system maintained by the Federal Reserve Banks acting as depositories for the issuer of the MBS in accordance with the Beneficial Owner’s Fed delivery instructions. Such MBS will be (1) in book-entry form and (2) transferred in accordance with current market practices, including the applicable provisions of the SIFMA’s *Uniform Practices for the Clearance and Settlement of Mortgage Backed Securities and Other Related Securities*. The undersigned Beneficial Owner shall pay the Trustee’s exchange fee in the amount of \$1,000 by wire transfer on the Exchange Date. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Bonds, the Trustee shall wire the applicable principal and interest payments on the Bonds to the undersigned Beneficial Owner using the wire instructions set forth below. The undersigned acknowledges that the submission of this notice of request (the “Notice”) is subject to all of the terms and conditions of the Indenture.

Capitalized terms used in this Notice but not defined herein shall have the meanings assigned such terms in the Indenture.

[Signatures on Following Page]

Dated:_____

Signature:_____

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Beneficial Owner's Fed delivery instructions:

Beneficial Owner's wire instructions: _____

Trustee's wire instructions: _____

Exhibit B

Financing Agreement

FINANCING AGREEMENT

by and among

AUSTIN HOUSING FINANCE CORPORATION,
as Issuer,

WELLS FARGO BANK, N.A.,
as Trustee,

and

MHP CITY HEIGHTS, LTD.,
as Borrower

relating to

\$(Par Amount)
Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) SERIES 2021 [(FN)]

Dated as of _____, 2021

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EXHIBIT B FORM OF BOND LOAN NOTE

FINANCING AGREEMENT

THIS **FINANCING AGREEMENT** (this “**Financing Agreement**”), is dated as of _____, 2021, and entered into by and among the **AUSTIN HOUSING FINANCE CORPORATION** (the “**Issuer**”), **WELLS FARGO BANK, N.A.**, as trustee under the Indenture referred to below (together with its successors and assigns, the “**Trustee**”), and **MHP CITY HEIGHTS, LTD.** (together with its successors and assigns, the “**Borrower**”).

RECITALS:

A. Pursuant to the Act (as defined in the Indenture), the Issuer is authorized to issue revenue bonds, notes or other evidence of indebtedness for the purpose of, among other things, financing the acquisition, construction, rehabilitation and equipping of multifamily rental housing and for the provision of capital improvements in connection therewith and determined to be necessary thereto.

B. As more fully set forth in the Indenture of Trust, of even date herewith, between the Issuer and the Trustee (the “**Indenture**”), the Issuer is issuing its Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEBS) (CITY HEIGHTS APARTMENTS) SERIES 2021 [FN)], in the aggregate principal amount of \$[Par Amount] (herein, the “**Bonds**”).

C. Pursuant to this Financing Agreement, the Issuer will use the proceeds of the Bonds to make one or more loans to the Borrower to finance the acquisition, rehabilitation and equipping of the Project.

D. To secure the payment of all of the principal of and premium, if any, and interest on the Bonds, the Issuer has assigned (with certain exceptions described herein) its rights, title and interests in, and delegated its duties under, this Financing Agreement, without recourse, to the Trustee.

E. The obligation of the Borrower to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds will be evidenced by this Financing Agreement and a promissory note, dated the date of delivery of the Bonds, as amended and restated from time to time, including, without limitation, by the Mortgage Note (the “**Bond Loan Note**”) from the Borrower to the Issuer, in the form attached as Exhibit B hereto.

F. The parties hereto acknowledge the matters set forth in the Recitals to the Indenture.

NOW, THEREFORE, the parties hereto, in consideration of the premises and the mutual covenants and commitments of the parties set forth herein, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Capitalized terms used herein without definition shall have the respective meanings set forth in the Indenture. In addition to the terms elsewhere defined in this Financing Agreement, the following terms used in this Financing Agreement (including the Recitals) shall have the following meanings unless the context indicates another or different

meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined:

“Determination of Taxability” means the receipt by the Trustee of (1) a copy of written notice from the Commissioner or any District Director of the Internal Revenue Service or a determination by any court of competent jurisdiction, or (2) an opinion of Bond Counsel, in either case to the effect that interest on the Bonds is not excludable for regular federal income tax purposes under Section 103(a) of the Code from gross income of any Bondholder (other than a Bondholder who is a substantial user of the Project or a related person as defined in the Code).

“Event of Default” means any event of default specified and defined in Section 8.01 of this Financing Agreement.

“General Partner” means OTM City Heights GP LLC a Texas limited liability company.

“Mortgage Note Rate” means a per annum rate of interest calculated in accordance with the Mortgage Note.

“Permitted Liens” shall mean any easements and restrictions listed in a schedule of exceptions to coverage in the title insurance policy delivered with respect to the Project as required by the Permanent Loan Documents.

“Person” means any natural person, firm, partnership, association, limited liability company, corporation or public body.

“Placed in Service Date” means the date the Project is placed in service for purposes of Section 42 of the Code.

“Single Purpose Entity” means an entity that (i) is formed solely for the purpose of owning and operating a single asset; (ii) does not engage in any business unrelated to such asset, (iii) keeps its own books and records and its own accounts separate and apart from the books, records and accounts of any other Person, and (iv) holds itself out as being a legal entity, separate and apart from any other Person.

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Financing Agreement as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Financing Agreement as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of this Financing Agreement or describe the scope or intent of any provisions hereof.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with applicable generally accepted accounting principles as in effect from time to time.

(e) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent,” or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature.

(f) The parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Financing Agreement and the Indenture. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Financing Agreement or the Indenture or any amendment or supplement or exhibit hereto or thereto.

Section 1.03. Effective Date. The provisions of this Financing Agreement shall be effective on and as of the Closing Date, immediately upon the effectiveness of the Indenture.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01. Representations, Warranties and Covenants by the Borrower. The Borrower represents, warrants and covenants as follows:

(a) The Borrower is a limited partnership and is qualified to do business in the State and in every other state in which the nature of its business requires such qualification. The General Partner is a limited liability company and is qualified to do business in the State and in every other state in which the nature of its business requires such qualification. Each of the Borrower and the General Partner has full power and authority to own its properties and to carry on its business as now being conducted and as contemplated to be conducted with respect to the Project, and to enter into, and to perform and carry out the transactions provided for in this Financing Agreement, all other Financing Documents contemplated hereby to be executed by the Borrower and/or the General Partner and the Permanent Loan Documents. This Financing Agreement, the other Financing Documents to which the Borrower or the General Partner is a party, the Permanent Loan Documents and all other documents to which the Borrower or the General Partner is a party and contemplated hereby or thereby have been duly authorized, executed and delivered by the Borrower or the General Partner and constitute the legal, valid and binding obligations of the Borrower or the General Partner, respectively, enforceable against the Borrower or the General Partner, each in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of

creditors generally and general equitable principles. The officers of the Borrower and/or the General Partner executing this Financing Agreement, all other Financing Documents contemplated hereby to be executed by the Borrower or the General Partner and the Permanent Loan Documents are duly and properly in office and fully authorized to execute the same. [All corporate partners, if any, of the Borrower are duly organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the State as either domestic or foreign corporations, as applicable. All partnership partners, if any, of the Borrower are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the State, are duly qualified to transact business in the State as either domestic or foreign partnerships or limited liability companies, as applicable.]

(b) Neither the execution and delivery of this Financing Agreement, all other Financing Documents to be executed by the Borrower, the Permanent Loan Documents or any other documents contemplated hereby or thereby, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Financing Agreement, all other Financing Documents to be executed by the Borrower, the Permanent Loan Documents or any other documents contemplated hereby or thereby, will violate or contravene any provision of law, any order of any court or other agency of government, or any of the organizational or other governing documents of the Borrower, or any indenture, agreement or other instrument to which the Borrower is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument or any license, judgment, decree, law, statute, order, rule or regulation of any governmental agency or body having jurisdiction over the Borrower or any of its activities or properties, or, except as provided hereunder, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for Permitted Liens.

(c) The Borrower has and will have [leasehold] [fee simple] title to the Project, subject to the Permitted Liens. The Borrower is the sole borrower under the Permanent Loan. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities. The Borrower possesses, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(d) As of the Closing Date, no litigation or proceeding is pending or, to the knowledge of the Borrower or the General Partner, threatened against or affecting the Borrower or the General Partner or any of the Borrower's properties (including, without limitation, the Project) which has a reasonable probability of having a material adverse effect on its financial condition or business, or the transactions contemplated by this Financing Agreement, the Indenture, the other Financing Documents or the Permanent Loan Documents, or which in any way would adversely affect the validity or enforceability of the Bonds, the Indenture, this Financing Agreement, the other Financing Documents or

the Permanent Loan Documents, or the exclusion from gross income for federal income tax purposes of interest on the Bonds, or the ability of the Borrower to perform its obligations under this Financing Agreement, the other Financing Documents or the Permanent Loan Documents executed by the Borrower.

(e) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform in all material respects with all applicable zoning (or a legal non-conforming use), planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, all necessary utilities are available to the Project, and the Borrower will obtain all requisite zoning, planning, building and environmental and other permits which may become necessary with respect to the Project. The Borrower has obtained all licenses, permits and approvals necessary for the ownership, operation and management of the Project, including all approvals essential to the transactions contemplated by this Financing Agreement, the Indenture, the other Financing Documents, the Permanent Loan Documents and any other documents contemplated hereby or thereby.

(f) The financial statements which have been furnished by or on behalf of the Borrower to the Issuer, are complete and accurate in all material respects and present fairly the financial condition of the Borrower as of their respective dates in accordance with generally accepted accounting methods applied by the Borrower on a consistent basis, and since the date of the most recent of such financial statements there has not been any material adverse change, financial or otherwise, in the condition of the Borrower, and there have not been any material transactions entered into by the Borrower other than transactions in the ordinary course of business, and the Borrower does not have any material contingent obligations which are not otherwise disclosed in its financial statements. There (i) is no completed, pending or threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Project, the Borrower, or any general partner of the Borrower; and (ii) has been no assertion or exercise of jurisdiction over the Project, the Borrower or any general partner of the Borrower by any court empowered to exercise bankruptcy powers.

(g) No event has occurred and no condition exists with respect to the Borrower or the Project that would constitute an Event of Default or which, with the lapse of time, if not cured, or with the giving of notice, or both, would become an Event of Default. The Borrower is not in default under the Regulatory Agreement.

(h) The Borrower has complied with all the terms and conditions of the Tax Certificate, including the terms and conditions of the exhibits thereto, and the representations and warranties set forth in the Tax Certificate and the Regulatory Agreement pertaining to the Borrower and the Project are true and accurate. The Borrower has furnished to the Issuer in the Tax Certificate all information necessary for the Issuer to file an IRS Form 8038 with respect to the Bonds, and all of such information is and will be on the date of filing, true, complete and correct.

(i) The Project is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreement, including all applicable requirements of the Act and the

Code. The Borrower intends to cause the residential 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. All leases will comply with all applicable laws and the Regulatory Agreement. The Project meets the requirements of this Financing Agreement, the Regulatory Agreement, the Act and the Code with respect to multifamily rental housing.

(j) No information, statement or report furnished in writing to the Issuer, Fannie Mae, the Lender or the Trustee by the Borrower in connection with this Financing Agreement, the other Financing Documents or the Permanent Loan Documents or the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by the Borrower in connection with the preparation of any materials related to the issuance, delivery or offering of the Bonds on the Closing Date) contains any material misstatement of fact or 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 the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Closing Date, are true, correct and complete, do not and will not contain any untrue statement or misleading statement of a material fact, and do not and will not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and the estimates and the assumptions contained herein and in any certificate of the Borrower delivered as of the Closing Date are reasonable and based on the best information available to the Borrower. Each of the certifications, representations, warranties, statements, information and descriptions contained in the Tax Certificate is hereby incorporated into this Financing Agreement by reference, as if fully set forth herein.

(k) To the best knowledge of the Borrower, no member, officer, agent or employee of the Issuer has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Bonds, the Financing Documents, the Permanent Loan Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Financing Documents or the Permanent Loan Documents.

(l) 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 (or to the extent not yet obtained or made the Borrower has no reason to believe that such authorizations, consents, approvals, orders, registrations or declarations will not be obtained or made in a timely fashion) is required for the execution and delivery or approval, as the case may be, of this Financing Agreement, the other Financing Documents, the Permanent Loan Documents or any other documents contemplated by this Financing Agreement, the other Financing Documents or the Permanent Loan Documents, or for the performance of the terms and provisions hereof or thereof by the Borrower.

(m) The Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any federal or state authority which would have the effect of preventing or hindering performance of its duties hereunder, nor are there any proceedings presently in progress or to its knowledge contemplated which would, if successful, lead to the issuance of any such order.

(n) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary including, without limitation, the Indenture; that it approves the initial appointment of the Trustee under the Indenture; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project; and that it has not relied on the Issuer, the Lender or Fannie Mae for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Financing Agreement and the Indenture or otherwise relied on the Issuer, the Lender or Fannie Mae in any manner.

(o) The Borrower has not received any notice that it is not in compliance with all provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“**CERCLA**”); the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act of 1986; the Toxic Substances Control Act and all environmental laws of the State (the “**Environmental Laws**”), or with any rules, regulations and administrative orders of any governmental agency, or with any judgments, decrees or orders of any court of competent jurisdiction with respect thereto; and the Borrower has not received any assessment, notice (primary or secondary) of liability or financial responsibility, and no notice of any action, claim or proceeding to determine such liability or responsibility, or the amount thereof, or to impose civil penalties with respect to a site listed on any federal or state listing of sites containing or believed to contain “hazardous materials” (as defined in the Environmental Laws), nor has the Borrower received notification that any hazardous substances (as defined under CERCLA) that it has disposed of have been found in any site at which any governmental agency is conducting an investigation or other proceeding under any Environmental Law.

(p) The Borrower has not received any notice that it is not in full compliance with the Employment Retirement Income Security Act of 1974 (“**ERISA**”), as amended, and the Department of Labor regulations thereunder, with the Code and Regulations thereunder and with terms of such plan or plans with respect to each pension or welfare benefit plan to which the Borrower is a party or makes any employer contributions with respect to its employees, for the current or prior plan years of such plans.

(q) The average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities of the Project financed with the original net proceeds.

(r) The Bonds are not and shall not be “federally guaranteed” as defined in Section 149(b) of the Code.

(s) The Borrower intends to hold the Project for its own account and has no current plans to sell and has not entered into any agreement to sell all or any portion of the Project.

(t) All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

(u) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bonds. The Borrower shall operate the Project as required by the Regulatory Agreement.

(v) All of the partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests.

(w) The Borrower is, and will at all times be, a Single Purpose Entity.

(x) The Project is located wholly within the State and within the jurisdiction of the Issuer.

(y) None of the Issuer, the Trustee or any director, member, officer or employee of the Issuer or the Trustee has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(z) The Borrower is not an “employee benefit plan,” as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets in the Borrower constitutes or will constitute “plan assets” of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101.

(aa) No part of the proceeds of the loan to the Borrower evidenced by this Financing Agreement will be used for the purpose of acquiring any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other Regulation of such Board of Governors, or for any purpose prohibited by any Permanent Loan Document.

(bb) The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (ii) 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 (iii) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

(cc) Each requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties remain true and correct as of the date thereof.

Section 2.02. Representations, Warranties and Covenants of the Issuer. The Issuer represents, warrants and covenants as follows:

(a) **Authority.** The Issuer is a housing finance corporation of the State of Texas, duly organized, validly existing and in good standing under the laws of the State, is authorized and empowered by the provisions of the Act and the Resolution to enter into the transactions contemplated by this Financing Agreement and the Indenture and to carry out its obligations hereunder and thereunder, and by proper action of its governing body has been duly authorized to execute and deliver this Financing Agreement, the Indenture and the Tax Certificate, and this Financing Agreement, the Indenture and the Tax Certificate have been duly executed and delivered by the Issuer and are valid and binding obligations of the Issuer enforceable in accordance with their terms.

(b) **Pledge.** The Bonds are to be issued and secured by the Indenture, pursuant to which certain of the Issuer's interests in this Financing Agreement and the Indenture, and the revenues and income to be derived by the Issuer pursuant to this Financing Agreement and the Indenture, will be pledged and assigned to the Trustee as security for payment of the principal, premium, if any, and interest on the Bonds. The Issuer covenants that it has not and will not pledge or assign its interest in the Indenture or this Financing Agreement, or the revenues and income derived pursuant to this Financing Agreement or the Indenture, excepting the Reserved Rights of the Issuer, other than to the Trustee under the Indenture to secure the Bonds. The Issuer will comply with all provisions of the Act (and the rules promulgated thereunder) applicable to the Bonds and the transactions contemplated by this Financing Agreement and the Indenture.

(c) **Conflicts.** To the best knowledge of the Issuer, neither the execution and delivery of this Financing Agreement, the Indenture, the Regulatory Agreement and the Tax Certificate, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of this Financing Agreement, the Indenture, the Regulatory Agreement or the Tax Certificate conflicts with or results in a breach of the terms, conditions or provisions of any material restriction, agreement or instrument to which the Issuer is a party, or by which it or any of its property is bound, or constitutes a default under any of the foregoing.

ARTICLE III

THE BONDS AND THE PROCEEDS THEREOF

The Issuer has authorized the issuance of the Bonds in the aggregate principal amount of \$[Par Amount] and Bonds in such amount shall be issued and Outstanding as of the Closing Date. The obligations of the Issuer, the Trustee and the Borrower under this Financing Agreement are expressly conditioned upon (i) the sale, issuance and delivery of the Bonds, (ii) receipt by the Trustee of the amounts set forth in Section 5.04 of the Indenture, (iii) the making of the Construction Loan by the Construction Lender and (iv) the making of the Permanent Loan on the

Conversion Date. Neither the Issuer, the Lender, the Trustee nor Fannie Mae shall have any liability for any fees, costs or expenses, including, without limitation, issuance costs relating to the Bonds; all of such fees, costs and expenses shall be paid by the Borrower.

ARTICLE IV

THE BONDS, THE LOANS AND FEES

Section 4.01. Sources, Deposits and Uses. The Trustee shall apply the amounts deposited into the Bond Proceeds Fund and the Collateral Fund as provided in Sections 5.09 and 5.10 of the Indenture to secure the Bonds until the MBS Delivery Date and then to purchase the MBS. The Borrower accepts the Construction Loan from the Construction Lender, upon the terms and conditions set forth in the Construction Loan Documents. The Borrower accepts the Permanent Loan from the Permanent Lender, upon the terms and conditions set forth herein, in the Permanent Loan Documents and in the Indenture, and subject to the terms and conditions of the Regulatory Agreement. The Issuer has caused the proceeds of the Bonds to be provided to the Trustee for deposit to the Bond Proceeds Fund. The Borrower acknowledges its obligation to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds as provided in the Indenture. The Borrower has made arrangements for the delivery to the Trustee of the MBS and of certain other Eligible Funds as contemplated herein and in the Indenture. Payments on the MBS received by the Trustee shall be credited to amounts due from the Borrower for payment of principal of, premium, if any, and interest on the Bonds.

Section 4.02. Payment of Fees and Expenses. In addition to all fees, costs, expenses and other amounts required to be paid by the Borrower under the Construction Loan Documents and the Permanent Loan Documents, the Borrower shall pay, without duplication, the following fees and expenses:

(a) All amounts required to (i) pay the fees of the Trustee for its duties and services as Trustee in connection with the Bonds (as such duties and services are set out in the Indenture) and (ii) reimburse the Trustee for all out of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and single business taxes), reasonably and necessarily incurred by the Trustee in performing its duties as Trustee under the Indenture.

(b) The Ordinary Issuer Fees and Expenses, and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with the Financing Documents, the Permanent Loan Documents or the Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving the Financing Documents, the Permanent Loan Documents or the Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing.

(c) All taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby or thereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Trustee.

(d) The fees of the Rebate Analyst as required by the Indenture and all out-of-pocket expenses of the Rebate Analyst.

(e) All Costs of Issuance of the Bonds, including, but not limited to, Rating Agency fees, printing expenses, attorneys' fees and the Underwriter's fees, and all expenses of originating the Construction Loan by the Construction Lender and Permanent Loan by the Permanent Lender, the Borrower acknowledging that all such fees, costs and expenses must be paid by the Borrower separate and apart from payments due under the Permanent Loan and will not be included in the Mortgage Note Rate.

(f) The Costs of Issuance Deposit to be made to the Costs of Issuance Fund on the Closing Date pursuant to Sections 5.04 and 5.07 of the Indenture.

(g) These obligations and those in Section 5.09 hereof shall remain valid and in effect notwithstanding repayment of the Permanent Loan hereunder or termination of this Financing Agreement or the Indenture.

All fees and expenses not included in the Mortgage Note Rate shall not be secured by the Mortgage, except as provided for therein, and shall be subordinate to the Borrower's obligations under the Permanent Loan in all respects. No such fees or expenses payable to the Issuer or the Trustee shall be paid from the proceeds of the MBS.

Section 4.03. Notification of Prepayment of Bond Loan Note and Mortgage Note. The Issuer and the Lender, as applicable, shall notify the Trustee promptly of the receipt of any prepayment of the Bond Loan Note and the Mortgage Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise. If such prepayment results in revisions to the amortization schedule, the Lender shall provide the revised amortization schedule to the Trustee.

Section 4.04. Collateral Payments. In consideration of and as a condition to the disbursement of Bond proceeds in the Bond Proceeds Fund to pay Project Costs (except as otherwise set forth in Section 5.09 of the Indenture), and to secure the Borrower's obligation to make payments on the Permanent Loan, the Borrower shall cause the delivery of Eligible Funds

equal to the amount of the proposed disbursement to the Trustee on or before each such disbursement. All such Eligible Funds shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture.

Section 4.05. Disbursements from the Bond Proceeds Fund. Subject to the provisions below and so long as no Event of Default hereunder has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to Section 8.02 hereof and Section 8.02 of the Indenture, and no Determination of Taxability has occurred, disbursements from the Bond Proceeds Fund shall be made only to pay any of the Project Costs.

Any disbursements from the Bond Proceeds Fund for the payment of Project Costs shall be made by the Trustee only upon the receipt by the Trustee of: (a) a signed requisition in the form attached hereto as Exhibit A, on which the Trustee may conclusively rely; and (b) except as otherwise set forth in Section 5.09 of the Indenture, Eligible Funds in an amount equal to the amount of any such disbursement request for deposit in the Collateral Fund as provided in Section 4.04 hereof. The Borrower hereby acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered and accompanied by a copy of the approval of the Lender of the payments or reimbursements requested. Except as otherwise set forth in Section 5.09 of the Indenture, proceeds of the Bonds disbursed pursuant to the provisions of this Financing Agreement may only be used to pay the Project Costs.

Any disbursement for any item not described in, or the cost for which item is other than as described in, the information statement filed by the Issuer in connection with the issuance of the Bonds as required by Section 149(e) of the Code, and in the notice of public hearing pertaining to the Bonds shall be accompanied by an opinion of Bond Counsel to the effect that such disbursement will not adversely affect the status of the interest on the Bonds as excludible from gross income for federal income tax purposes of the Bondholders (except on Bonds while held by a substantial user or related person, each as defined in the Code).

Any money in the Bond Proceeds Fund remaining after the MBS Delivery Date shall be applied as provided in Section 5.12 of the Indenture.

Notwithstanding any provision of this Financing Agreement or any provision of the Indenture to the contrary, except as otherwise set forth in Section 5.09 of the Indenture, the Trustee shall not disburse funds from the Bond Proceeds Fund unless and until the Trustee confirms that Eligible Funds in the Collateral Fund plus Eligible Funds in the Bond Proceeds Fund, less the amount of the requested disbursement from the Bond Proceeds Fund, is at least equal to the then-Outstanding principal amount of the Bonds; provided, however, that the Trustee shall be permitted to transfer funds from the Bond Proceeds Fund to the Collateral Fund upon receipt of an opinion of Bond Counsel to the effect that such transfer shall not cause the interest on any of the Bonds to be or become includible in the gross income of the owners thereof for federal income tax purposes; provided, further, that the result of such transfer is that the amount of Eligible Funds remaining on deposit in the Bond Proceeds Fund plus Eligible Funds on deposit in the Collateral Fund is at least equal to the then-Outstanding principal amount of the Bonds.

ARTICLE V

COVENANTS, UNDERTAKINGS AND OBLIGATIONS OF THE BORROWER

Section 5.01. Taxes, Other Governmental Charges and Utility Charges. The Borrower shall pay, or cause to be paid, promptly as the same become due and payable, every lawful cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which the Issuer, the Trustee, the Lender or Fannie Mae is or shall become liable by reason of its or their estate or interest in the Project or any portion thereof, by reason of any right or interest of the Issuer, the Trustee, the Lender or Fannie Mae in or under this Financing Agreement, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Project or any portion thereof, including, without limitation, all taxes (except income and similar taxes of such entities), assessments, whether general or special, all costs of maintenance and repair, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, all utility and other charges and assessments concerning or in any way related to the Project, and governmental charges and impositions of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Borrower therein or thereon; provided that any amounts payable hereunder that are also required to be paid by the terms of the Mortgage shall be paid without duplication on the terms provided in the Mortgage.

Upon request, the Borrower shall furnish to the Issuer, the Trustee, Fannie Mae and the Lender proof of the payment of any such tax, assessment or other governmental or similar charge, or any other charge which is payable by the Borrower as set forth above.

Section 5.02. Compliance With Laws. The Borrower shall, throughout the term of this Financing Agreement and at no expense to the Issuer, the Trustee, the Lender or Fannie Mae promptly comply or cause compliance with all laws, ordinances, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project or to the repair and alteration thereof, or to the use or manner of use of the Project, including, but not limited to, the applicable provisions of the Americans With Disabilities Act and all applicable federal, State and local environmental, labor, health and safety laws, rules and regulations.

Section 5.03. Maintenance of Legal Existence. During the term of this Financing Agreement, the Borrower shall maintain its existence as set forth in Section 2.01(a) and shall not terminate, dissolve or dispose of all or substantially all of its assets; provided, however, that the Borrower may, with the written permission of the Issuer, consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, or transfer all or substantially all of its assets to another entity, but only on the condition that the assignee entity or the entity resulting from or surviving such merger or consolidation (if other than the Borrower), or the entity to which such transfer shall be made, shall be duly organized and existing, in good standing and qualified to do business under the laws of the State, shall remain so continuously during the term hereof, and shall expressly assume in writing and agree to perform all of the Borrower's obligations hereunder and under all other documents executed by the Borrower in connection with the issuance of the Bonds; provided, further, that (i) the Borrower delivers an

opinion of Bond Counsel to the effect that such consolidation or merger shall not cause interest on the Bonds to be included in gross income for federal income tax purposes, and (ii) any transfer of the Project shall be effected in accordance with the Mortgage. Nothing in this Section 5.03 shall be deemed to relieve the Borrower of its obligations to comply with the provisions of the Permanent Loan Documents.

Section 5.04. Operation of Project.

The Borrower will not sell, transfer or otherwise dispose of the Project except as provided in the Regulatory Agreement, the Permanent Loan Documents and Section 5.03 of this Financing Agreement.

Section 5.05. Tax Covenants. The Borrower hereby covenants and agrees as follows:

(a) It shall (a) take or cause to be taken all actions necessary or appropriate in order to ensure fully and timely compliance with Section 5.06 of the Indenture, and (b) if required to do so under Section 5.06 of the Indenture, select at the Borrower's expense, a Rebate Analyst reasonably acceptable to the Issuer for the purpose of making any and all calculations required under Section 5.06 of the Indenture. Such calculations, if required, shall be made in the manner and at such times as specified in Section 5.06 of the Indenture. The Borrower shall cause the Rebate Analyst to provide such calculations to the Trustee and the Issuer at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Indenture and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

(b) It will at all times comply with the terms of the Tax Certificate and the Regulatory Agreement.

(c) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Bonds to be included in gross income of the holders thereof for federal income tax purposes, and will take such action as may be necessary in the opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Regulatory Agreement).

(d) No changes will be made to the Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Bonds.

(e) It will comply with the requirements of Section 148 of the Code and the Regulations issued thereunder so long as any Bonds remain Outstanding and will not make any use of the proceeds of the Bonds, or of any other funds which may be deemed to be proceeds of the Bonds under the Code and the related regulations of the United States Treasury, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(f) If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Bonds becoming includable in gross income of the holders thereof for federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Issuer, the Trustee, the Lender and Fannie Mae.

(g) The full amount of the proceeds of the Bonds will be applied to pay or to reimburse the Borrower for the payment of Project Costs and (i) at least 95% of the net proceeds of the Bonds (as defined in Section 150 of the Code) will be used to provide a qualified residential rental project (as defined in Section 142(d) of the Code) and (ii) less than 25% of the net proceeds of the Bonds will have been disbursed to pay or to reimburse the Borrower for the cost of acquiring land; none of the proceeds of the Bonds (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital.

(h) The Borrower will cause all of the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Act, the Code and the Regulatory Agreement.

(i) All leases will comply with all applicable laws and the Regulatory Agreement.

(j) In connection with any lease or grant by the Borrower of the use of the Project, the Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Financing Agreement or the Regulatory Agreement.

(k) No proceeds of the Bonds shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in Section 147(d) of the Code) with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with the proceeds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds.

(l) From the proceeds of the Bonds and investment earnings thereon, an amount not in excess of 2% of the proceeds of the Bonds will be used for Costs of Issuance of the Bonds, all within the meaning of Section 147(g)(1) of the Code.

(m) No proceeds of the Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

In the event of a conflict between the terms and requirements of this Section 5.05 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

Section 5.06. Further Assurances and Corrective Instruments. The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and to the other documents contemplated hereby as may reasonably be required to carry out the intention of or to facilitate the performance of this Financing Agreement, the Permanent Loan Documents or the other Financing Documents or to perfect or give further assurances of any of the rights granted or provided for herein, the Permanent Loan Documents or the other Financing Documents.

The Borrower shall execute and file, or shall cause to be executed and filed any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith

Section 5.07. Compliance With Other Documents. The Borrower shall make all payments and shall observe and perform all covenants, conditions and agreements required to be paid, observed or performed by the Borrower under the Financing Documents, the Mortgage Note, the Mortgage, the other Permanent Loan Documents, the Regulatory Agreement and all other documents, instruments or agreements which may at any time, or from time to time, be entered into by the Borrower with respect to the Project or the operation, occupancy or use thereof. The Indenture has been submitted to the Borrower for examination, and the Borrower, by execution of this Financing Agreement, acknowledges and agrees that it has participated in the negotiation of the Indenture that it has approved and agreed to each of the provisions of the Indenture and that it is bound by, shall adhere to the provisions of, and shall have the rights set forth by the terms and conditions of, the Indenture and covenants and agrees to perform all obligations required of the Borrower pursuant to the terms of the Indenture.

The Borrower hereby grants to the Trustee for the benefit of the Lender, Fannie Mae and the Bondholders a security interest in all of its rights in and to all funds created or established by the Trustee under the Indenture (other than the Rebate Fund) in the manner and subject to the terms and conditions of the Indenture.

Section 5.08. Notice of Certain Events. The Borrower hereby covenants to advise the Lender, the Issuer and the Trustee promptly in writing of the occurrence of any default by the Borrower in the performance or observance of any covenant, agreement, representation, warranty or obligation of the Borrower set forth in this Financing Agreement, in any of the other Financing Documents or any other documents contemplated hereby or thereby, or of any Event of Default hereunder known to it or of which it has received notice, or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. Such notice shall be given promptly, and in no event less than ten (10) Business Days after the Borrower receives notice or has knowledge of the occurrence of any such event. The Borrower further agrees that it will give prompt written notice to the Trustee and the Lender if insurance proceeds or condemnation awards are received with respect to the Project and are not used to repair or replace the Project, which notice shall state the amount of such proceeds or award.

The Borrower further covenants to provide such parties notice of the Placed in Service Date promptly upon its occurrence.

Section 5.09. Indemnification. The Borrower covenants and agrees to indemnify, hold harmless and defend the Issuer, the Trustee, the Lender, Fannie Mae, the Underwriter and their respective officers, members, directors, officials, agents and employees and each of them (each an “**indemnified party**”) from and against, (a) any and all claims, joint or several, by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the Bonds or the execution or amendment of any document relating thereto, including, but not limited to, the Financing Documents; (b) any and all claims, joint or several, arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Permanent Loan, its assignment to the Permanent Lender or the execution or amendment of any document related thereto, including, but not limited to, the Permanent Loan Documents; (c) any and all claims, joint or several, arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Project or the Permanent Loan, including but not limited to, the Permanent Loan Documents; (d) all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim, or proceeding brought thereon; (e) any and all claims arising in connection with the issuance and sale, resale or remarketing of any Bonds or any certifications or representations made by any Person other than the party seeking indemnification in connection therewith and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Financing Documents, and the Permanent Loan Documents; (f) any and all claims arising in connection with the operation of the Project, or the conditions thereof, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, rehabilitation, equipping, installation or construction of, the Project or any part thereof; and (g) any and all losses, claims, damages, liabilities or expenses, joint or several, arising out of or connected with the Trustee’s acceptance or administration of the trusts created by the Indenture and the exercise of its powers or duties thereunder or under this Financing Agreement, the Regulatory Agreement or any other agreements in connection therewith to which it is a party; except (i) in the case of the foregoing indemnification of the Trustee or the Lender or any of their respective officers, members, directors, officials and employees, to the extent such damages are caused by the negligence or willful misconduct of such Person; or (ii) in the case of the foregoing indemnification of the Issuer or any of its officers, members, directors, officials and employees, to the extent such damages are caused by the willful misconduct of such Person. In the event that any action or proceeding is brought against any indemnified party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Borrower, subject to the approval of the indemnified party in such party’s sole but reasonable discretion, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Trustee and the Lender shall have the right to review and approve or disapprove any such compromise or settlement. Each indemnified party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of the Regulatory Agreement, the Borrower shall remain obligated to indemnify each indemnified party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless such indemnified party has consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

During any period that the Lender or Fannie Mae owns the Project and that this Section 5.09 is applicable to the Lender and Fannie Mae, the obligations of the Lender or Fannie Mae, as applicable, under this Section 5.09 shall be limited to acts and omissions of the Lender or Fannie Mae occurring during the period of the Lender's or Fannie Mae's ownership of the Project.

Nothing contained in this Section 5.09 shall in any way be construed to limit the indemnification rights of the Issuer contained in the Regulatory Agreement. With respect to the Issuer, the Regulatory Agreement shall control in any conflicts between this Section 5.09 and the Regulatory Agreement.

Section 5.10. Right to Perform Borrower's Obligations. In the event the Borrower fails to perform any of its obligations under this Financing Agreement, the Issuer, the Lender, Fannie Mae and/or the Trustee, after giving the requisite notice, if any, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Issuer, the Lender, Fannie Mae or the Trustee shall become an additional obligation of the Borrower hereunder, payable on demand with interest thereon at the default rate of interest payable under the Permanent Loan Documents.

Section 5.11. Nonrecourse Provisions. Notwithstanding anything to the contrary, the obligations of the Borrower pursuant to this Financing Agreement shall not be secured by or create a lien or charge on in any manner the property of the Borrower or its partners, including the Project or the rents, issues and profits thereof, and except with respect to Sections 4.02 and 5.09 hereof shall be non-recourse to the Borrower and its partners. Sections 4.02 and 5.09 shall be recourse to the Borrower but non-recourse to the partners of the Borrower.

Section 5.12. Trust Indenture. The provisions of the Indenture concerning the Bonds and other matters therein are an integral part of the terms and conditions of the Permanent Loan, and this Financing Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower to the extent it relates to the Borrower. Additionally, the Borrower agrees that, whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower agrees to carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

ARTICLE VI

PERMANENT LOAN DOCUMENTS

Section 6.01. Assurances. The Borrower, the Issuer and the Trustee mutually agree that no party hereto shall enter into any contract or agreement, perform any act, or request any other

party hereto to enter into any contracts or agreements or perform any acts, which shall adversely affect the Permanent Loan Documents.

Section 6.02. Financial Obligations Personal to the Borrower. The Issuer acknowledges that the Project shall be encumbered by the Permanent Loan Documents. Notwithstanding any provisions of this Financing Agreement or the Regulatory Agreement to the contrary, all obligations of the Borrower under this Financing Agreement and the Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under the Regulatory Agreement or this Financing Agreement, including indemnification obligations, shall not be payable from the Trust Estate and shall not be secured by or in any manner constitute a lien on the Project, and no Person shall have the right to enforce such obligations other than directly against the Borrower. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligation of any prior owner under the Regulatory Agreement or this Financing Agreement, including but not limited to any payment or indemnification obligation. Such obligations are personal to the Person who was the owner at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the owner.

ARTICLE VII

TRUSTEE'S INTEREST IN AGREEMENT

Section 7.01. Issuer Assignment of Financing Agreement and Bond Loan Note.

(a) Pursuant to the Indenture, the Issuer shall pledge, assign and transfer all of its right, title and interest in this Financing Agreement (other than the Reserved Rights of the Issuer), and the revenues, receipts and collections hereunder and thereunder, to the Trustee in the manner and to the extent provided in the Indenture as security for the payment of the principal of, premium, if any, and interest on the Bonds, and the parties hereby acknowledge that the covenants and agreements contained herein are for the benefit of the registered owners from time to time of the Bonds and may be enforced on their behalf by the Trustee. The Issuer shall execute and deliver from time to time, in addition to the instruments of assignment herein specifically provided for, such other and further instruments and documents as may be reasonably requested by the Trustee from time to time to further evidence, effect or perfect such pledge and assignment for the purposes contemplated in the Indenture.

(b) The Borrower hereby acknowledges and consents to the assignment and pledge (subject to the reservation by the Issuer of its Reserved Rights) by the Issuer to the Trustee in the manner and to the extent provided in the Indenture. The Borrower further acknowledges and consents to the right of the Trustee to enforce all rights of the Issuer and the Bondholders assigned under the Indenture.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following shall constitute an event of default under this Financing Agreement, and the term “**Event of Default**” shall mean, whenever used in this Financing Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amounts due under this Financing Agreement at the times and in the amounts required hereby; or

(b) Failure by the Borrower to observe or perform any covenants, agreements or obligations in this Financing Agreement on its part to be observed or performed (other than as provided in clause (a) above) for a period of thirty (30) days after receipt of written notice specifying such failure and requesting that it be remedied, given to the Borrower by any party to this Financing Agreement; provided, however, that if said failure shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the Bonds and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and provided further that any such failure shall have been cured within ninety (90) days of receipt of notice of such failure; or

(c) Breach of any of the covenants, agreements or obligations of the Borrower under or the occurrence of a default which is continuing under the Regulatory Agreement, including any exhibits to any of the foregoing; or

(d) The occurrence of an Event of Default caused by the Borrower under and as defined in the Indenture or under any of the other Financing Documents.

Nothing contained in this Section 8.01 is intended to amend or modify any of the provisions of the Permanent Loan Documents or to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Permanent Loan Documents.

Section 8.02. Remedies Upon an Event of Default.

(a) Subject to Section 8.02(d), whenever any Event of Default shall have occurred and be continuing, the Issuer or the Trustee may take any one or more of the following remedial steps:

(i) By any suit, action or proceeding, pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Financing Agreement and the Bond Loan Note, to enforce the performance of any covenant, obligation or agreement of the Borrower under this Financing Agreement and the Bond Loan Note (subject to the nonrecourse provisions of this Financing Agreement and the Regulatory Agreement) or to enjoin acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee.

(ii) Take whatever other action at law or in equity may appear necessary or desirable to enforce any monetary obligation of the Borrower under this Financing Agreement and the Bond Loan Note or to enforce any other covenant, obligation or agreement of the Borrower under (1) this Financing Agreement, (2) the Regulatory Agreement or (3) the Bond Loan Note.

(iii) Have access to and inspect, examine, audit and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(b) The provisions of subsection (a) hereof are subject to the condition that if, after any Event of Default, except a default under the Regulatory Agreement, (i) all amounts which would then be payable hereunder by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and (ii) the Borrower shall have also performed all other obligations in respect of which it is then in default hereunder and shall have paid the reasonable charges and expenses of the Issuer and the Trustee, including reasonable attorney fees and expenses paid or incurred in connection with such default, then and in every such case, such Event of Default may be waived and annulled by the Trustee, but no such waiver or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Subject to the limitations of the Regulatory Agreement and this Financing Agreement, the Issuer, without the consent of the Trustee, but only after written notice to the Trustee, the Borrower, the Lender and Fannie Mae, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any Reserved Right of the Issuer; provided that, the Issuer may not (i) terminate this Financing Agreement or cause the Permanent Loan to become due and payable, (ii) cause the Trustee to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, or cause the Trustee to accelerate, foreclose or take any other action or seek other remedies under the Financing Documents, the Permanent Loan Documents or any other documents contemplated hereby or thereby to obtain such performance or observance, (iii) cause the acceleration, foreclosure or taking of any other action or the seeking of any remedies under the Permanent Loan Documents, (iv) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal, interest and other amounts due under the Permanent Loan, or (v) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Financing Documents or the Permanent Loan Documents.

(d) Except as required to be deposited in the Rebate Fund pursuant to the Financing Documents, any amounts collected pursuant to action taken under this Section 8.02 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 Trustee, the Issuer, the Lender or Fannie Mae and their respective counsel, be applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section shall relieve the Borrower from the Borrower's obligations pursuant to Section 5.09 hereof.

(e) No remedy herein conferred upon or reserved to the Issuer or the Trustee 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 now or hereafter existing pursuant to any other agreement at law or in equity or by statute.

(f) Notwithstanding any other provision of this Financing Agreement to the contrary, after the MBS Delivery Date, so long as Fannie Mae is not in default under the MBS, none of the Issuer, the Trustee or any Person under their control shall exercise any remedies or direct any proceedings under this Financing Agreement or the Permanent Loan Documents, other than to (i) enforce rights under the MBS, (ii) enforce the tax covenants in the Indenture and this Financing Agreement, or (iii) enforce rights of specific performance under the Regulatory Agreement; provided, however, that any enforcement under (ii) or (iii) above shall not include seeking monetary damages.

Section 8.03. Default Under Regulatory Agreement.

(a) If the Borrower fails, at any time for any reason, to comply with the requirements of the Regulatory Agreement, then within thirty (30) days after the earlier of the date the violation is discovered by the Issuer or the Trustee or the date the Issuer or the Trustee received notice thereof, the Issuer (if necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes) or the Trustee, on behalf and at the request of the Issuer, shall institute an action for specific performance to correct the violation. The Borrower hereby acknowledges and agrees that were money damages a remedy under the Regulatory Agreement, money damages alone would not be an adequate remedy at law for a default by the Borrower arising from a failure to comply with the Regulatory Agreement, and therefore the Borrower agrees that the remedy of specific performance (subject to the provisions of Section 8.02(c) hereof) shall be available to the Issuer and/or the Trustee in any such case.

(b) Notwithstanding the availability of the remedy of specific performance provided for in subsection (a) of this Section, promptly upon determining that a violation of the Regulatory Agreement has occurred, the Issuer shall, by notice in writing to the Lender, inform the Lender that a violation of the Regulatory Agreement has occurred; notwithstanding the occurrence of such violation, neither the Issuer nor the Trustee shall have, and each of them acknowledges that they shall not have, any right to cause or direct acceleration of the Permanent Loan, to enforce the Mortgage Note or to foreclose on the Mortgage.

Section 8.04. Limitation on Waivers.

(a) No delay or omission to exercise any right or power occurring upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed appropriate. The Issuer and the Trustee agree to give only such notices as may be herein expressly required.

(b) In the event any covenant, agreement or condition contained in this Financing Agreement shall be breached by a party and thereafter waived by another party, such waiver shall not bind any party which has not waived the breach and shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder nor be a waiver of the same breach on a future occasion. By reason of the assignment and pledge of certain of the Issuer's rights and interests in this Financing Agreement to the Trustee, the Issuer shall have no power to waive or release the Borrower from any Event of Default or the performance or observance of any obligation or condition of the Borrower under this Financing Agreement without first requesting and receiving the prior written consent of the Trustee, but shall do so if, requested by the Trustee; provided that the Issuer shall not be required to grant such waiver or release unless it shall have been provided with (i) if deemed necessary, in the sole discretion of the Issuer, an Opinion of Counsel that such action will not result in any pecuniary liability to it and an Opinion of Bond Counsel that such waiver shall not cause interest on the Bonds to be included in the gross income of the Bondholders thereof for federal income tax purposes, (ii) such indemnification as the Issuer shall deem reasonably necessary, and (iii) written notice from the Trustee of the request for such waiver or release.

Section 8.05. Notice of Default: Rights To Cure. The Issuer and the Trustee shall each give notice to the other and to the Investor Limited Partner and the Lender of the occurrence of any Event of Default by the Borrower hereunder of which it has actual knowledge. The Lender and the Investor Limited Partner shall each have the right, but not the obligation, to cure any such default by the Borrower, and upon performance by the Lender or the Investor Limited Partner to the satisfaction of the Issuer and the Trustee of the covenant, agreement or obligation of the Borrower with respect to which an Event of Default has occurred, the parties hereto shall be restored to their former respective positions, it being agreed that the Lender and the Investor Limited Partner shall each have the right to repayment from the Borrower of moneys it has expended and any other appropriate redress for actions it has taken to cure any default by the Borrower; provided that the Borrower's reimbursement obligation shall be non-recourse to the same extent as the underlying obligation is non-recourse to the Borrower.

Section 8.06. Rights Cumulative. 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 or otherwise. Notwithstanding anything to the contrary contained in this Financing Agreement, neither the Trustee nor the Issuer may commence any action against the Borrower for specific performance or any other remedy at law or in equity, other than to enforce performance and observance of any Reserved Right of the Issuer and its rights under Section 8.03, without first obtaining the prior written consent of Fannie Mae.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices. All notices, certificates or other communications herein provided shall be given in writing to the Issuer, the Borrower, the Trustee, Fannie Mae, the Lender and, for notices under Section 8.05 only, the Investor Limited Partner, and shall be sufficiently given and

shall be deemed given if given in the manner provided in the Indenture. Except as otherwise provided in the preceding sentence, copies of each notice, certificate or other communication given hereunder by any party hereto shall be given to all parties hereto. By notice given hereunder, any party may designate further or different addresses to which subsequent notices, certificates or other communications are to be sent. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Lender or the Trustee shall also be given to Fannie Mae.

Section 9.02. Amendment. This Financing Agreement and all other documents contemplated hereby to which the Issuer is a party may be amended or terminated only if permitted by the Indenture, and no amendment to this Financing Agreement shall be binding upon, any party hereto until such amendment is reduced to writing and executed by the parties hereto; provided that no amendment, supplement or other modification to this Financing Agreement or any other Financing Document shall be effective without the prior written consent of the Permanent Lender and Fannie Mae.

Section 9.03. Entire Agreement. Except as provided in the other Financing Documents and the Permanent Loan Documents, this Financing Agreement contains all agreements among the parties hereto, and there are no other representations, warranties, promises, agreements or understandings, oral, written or implied, among the parties hereto, unless reference is made thereto in this Financing Agreement or the Indenture.

Section 9.04. Binding Effect. This Financing Agreement shall be binding upon the Issuer, the Borrower and the Trustee and their respective successors and assigns. Notwithstanding anything herein to the contrary, to the extent Fannie Mae or its designee shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure or similar conveyance, Fannie Mae, and its designee, if applicable, shall not be liable for any breach or default or any of the obligations of any prior owner of the Project under this Financing Agreement, and shall only be responsible for defaults and obligations incurred during the period Fannie Mae or its designee, if applicable, is the owner of the Project.

Section 9.05. Severability. If any clause, provision or section of this Financing Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

Section 9.06. Execution in Counterparts. This Financing Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.07. Governing Law; Venue. This Financing Agreement shall be construed in accordance with and governed by the laws of the State applicable to contracts made and performed in the State. This Financing Agreement shall be enforceable in the State, and any action arising hereunder shall (unless waived by the Issuer in writing) be filed and maintained in the Superior Court of Texas, County of Travis.

Section 9.08. Limited Liability of the Issuer.

(a) ***Reliance by Issuer on Facts or Certificates.*** Anything in this Financing Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Lender, the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer.

(b) ***Waiver of Personal Liability.*** No member, officer, agent or employee of the Issuer or any of its members or any director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal of (or Redemption Price), premium, if any, or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Financing Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Financing Agreement.

(c) ***Non-Liability of Issuer.*** The Issuer shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from the Trust Estate. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal (or Redemption Price) of, premium, if any, or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Financing Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Financing Agreement or from the MBS.

The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the Trust Estate, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Redemption Price) of, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) of, premium, if any, or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

(d) ***Expenses.*** The Borrower shall pay and indemnify the Issuer and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with the Financing Documents and the Permanent Loan Documents. These obligations and those

in Section 5.09 hereof shall remain valid and in effect notwithstanding repayment of the Permanent Loan hereunder or termination of the Financing Agreement or the Indenture.

(e) **No Warranty by Issuer.** The Borrower recognizes that, because the components of the Project have been and are to be designated and selected by it, THE ISSUER HAS 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, MERCHANTABILITY, FITNESS 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 OWNER. 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 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 OF THE STATE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

Section 9.09. Term of Financing Agreement. This Financing Agreement shall be in full force and effect from its date to and including such date as all of the Bonds shall have been fully paid or retired (or provision for such payment shall have been made as provided in the Indenture); provided, however, that the provisions of Sections 2.01, 5.05 and 5.09 of this Financing Agreement shall survive the termination hereof.

Section 9.10. Electronic Signatures. The parties agree that the electronic signature of a party to this Financing Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Financing Agreement. For purposes hereof: (a) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (b) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

Section 9.11. Patriot Act. The Trustee hereby notifies all the parties hereto that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 the “Act”), it is required to obtain, verify and record information that identifies the other parties hereto, which information includes the name and address of the other parties hereto and other information that will allow the Trustee to identify the other parties hereto in accordance with the Act. In addition, changes to federal banking regulations require all U.S. financial institutions to collect information regarding the beneficial ownership of our legal entity customers. At account opening, and at times during the life of the account, the Borrower shall provide, upon request, identifying information for all

natural persons who, directly or indirectly, own 20 percent or more of the equity interests in the legal entity. In certain situations, the Trustee may request identifying information below 20 percent. The Trustee will also request identifying information for a controlling person, such as an executive officer or senior manager, or another individual who regularly performs similar functions.

IN WITNESS WHEREOF, the parties hereto have caused this Financing Agreement to be executed by their duly authorized representatives as of the date of execution set forth below.

AUSTIN HOUSING FINANCE CORPORATION

By: _____
Title: _____

[Signatures continue on following page]

[Trustee signature page to Financing Agreement]

WELLS FARGO BANK, N.A.

By: _____
Title: _____

[Signatures continue on following page]

[Borrower signature page to Financing Agreement]

MHP CITY HEIGHTS, LTD.

By: _____
Title: _____

EXHIBIT A
FORM OF REQUISITION

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS FROM
BOND PROCEEDS FUND PURSUANT TO SECTION 4.05 OF THE FINANCING
AGREEMENT

Pursuant to Section 4.05 of the Financing Agreement dated as of _____, 2021 (the “Financing Agreement”) between Austin Housing Finance Corporation (the “Issuer”), MHP City Heights, Ltd. (the “Borrower”), and Wells Fargo Bank, N.A. (the “Trustee”), the undersigned Authorized Borrower Representative hereby requests and authorizes the Trustee, as depositary of the Bond Proceeds Fund created by the Trust Indenture dated as of _____, 2021 (the “Indenture”), between the Issuer and the Trustee, to pay [to the Borrower] [to [CONSTRUCTION LENDER], as Construction Lender] [or to the person(s) listed on the Disbursement Schedule hereto as Schedule I] out of the money deposited in the Bond Proceeds Fund the aggregate sum of \$_____ to pay the costs of the items listed in the Disbursement Schedule attached hereto as Schedule I.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(a) All conditions precedent to the requested disbursement as provided for in the Indenture and Financing Agreement (including, without limitation, the deposit of sufficient Eligible Funds into the Collateral Fund as provided in the Indenture), have occurred.

(b) Each item for which disbursement is requested hereunder is an item described in Section 4.05 of the Financing Agreement, is properly payable out of the Bond Proceeds Fund in accordance with the terms and conditions of the Financing Agreement and none of those items has formed the basis for any disbursement heretofore made from said Bond Proceeds Fund.

(c) Each such item is or was necessary in connection with the acquisition, construction, rehabilitation, installation, equipment or improvement of the Project, as defined in the Indenture.

(d) The Borrower has received, or will concurrently with payment receive and deliver to the Trustee, appropriate waivers of any mechanics’ or other liens with respect to each item for which disbursement is requested hereunder.

(e) Each item for which disbursement is requested hereunder, and the cost for each such item, is as described in the information statement filed by the Issuer in connection with the issuance of the Bonds (as defined in the Indenture), as required by Section 149(e) of the Code; provided that if any such item is not as described in that information statement, attached hereto is an Opinion of Bond Counsel to the effect that such disbursement will not adversely affect the status of the interest on the Bonds as excludible from gross income for federal income tax purposes of the Bondholders (except on Bonds while held by a substantial user or related person, each as defined in the Code).

(f) There is no current or existing event of default pursuant to the terms of the Financing Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

(g) No amount for which disbursement is sought formed the basis for any prior disbursement.

(h) Each item for which disbursement is sought was or is necessary in connection with the Project and qualifies for disbursement pursuant to the provisions of the Financing Agreement.

(i) No representation or warranty of the Borrower contained in the Financing Agreement or the Regulatory Agreement is materially incorrect or inaccurate, and there has been no “Event of Default” or default under the terms of any of those documents which has occurred and is continuing after any applicable notice period and no event shall exist which by notice, passage of time or both would constitute an “Event of Default” or default under any of those documents.

(j) There are no liens on the Project except Permitted Liens and those permitted or provided for by the Financing Agreement.

(k) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

[Remainder of page intentionally left blank]

This statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized.

This ____ day of _____, 20__.

MHP CITY HEIGHTS, LTD.

By: _____

Name: _____

Title: _____

APPROVED:

[CONSTRUCTION LENDER SIGNATURE BLOCK]

SCHEDULE I

DISBURSEMENT SCHEDULE

PAYEE	AMOUNT	PURPOSE
-------	--------	---------

EXHIBIT B
FORM OF BOND LOAN NOTE

\$[_____]

[_____, 20__]

FOR VALUE RECEIVED, MHP City Heights, Ltd., a _____ (the “Borrower”), promises to pay to Austin Housing Finance Corporation (the “Issuer”), or its order, the principal sum of _____ DOLLARS (\$_____), with interest payable as set forth below. Capitalized terms used herein without definition shall have the respective meanings set forth in the Indenture of Trust, dated as of _____ 1, 20__ (the “Indenture”), between the Issuer and Wells Fargo Bank, N.A., as trustee thereunder (the “Trustee”).

Borrower promises to pay to the Issuer the principal sum of this Note, together with interest at the Pass-Through Rate, and all assessments, taxes and premiums as follows:

One business day preceding each Payment Date, the Borrower shall pay to the Issuer interest on the outstanding principal balance of this Note.

(a) The entire principal balance of this Note, plus any accrued but unpaid interest to and including the Maturity Date, shall be due and payable on the date on which the final payment is due with respect to the MBS.

(b) Payments made by the Trustee to the holders of the Bonds, from funds available under the Indenture, will be credited against the Borrower’s obligation to pay interest and principal under this Note. The Borrower shall be obligated to pay any deficiency between amounts due under this Note and amounts paid to bondholders by the Trustee pursuant to the Indenture.

(c) If any installment of interest, principal, or any other payment due under this Note is not paid within 10 days from the date that the installment or payment is due, the Borrower promises to pay to the Issuer a “late charge” equal to 5% of the aggregate monthly payment required by this Note.

(d) Upon an Event of Default, as defined in the Indenture, the unpaid principal, together with all accrued interest thereon, and all other sums due and payable shall, at the option of the holder of this Note, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise this option in the event of any subsequent default.

(e) As to this Note, the Borrower and all guarantors, if any, severally waive all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, and also severally waive valuation and appraisal, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note, and expressly agree that the maturity of this Note, or any payment under this Note, may be extended from time to time without in any way affecting the liability of the Borrower and all guarantors.

(f) All payments due under this Note shall be made during regular business hours at the principal corporate trust office of the Trustee or at any other place that the Issuer may designate in writing, and shall be made in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts.

(g) The Borrower represents and warrants that it is a [ENTITY TYPE] within the meaning set forth in the [APPLICABLE LAW/CODE], as amended (the “[_____]”), and further represents and warrants that the obligation evidenced by this Note was incurred solely for the purpose of carrying on or acquiring a business or commercial enterprise within the meaning of the [APPLICABLE LAW/CODE]

(h) Neither the Borrower nor any partner, officer or director of the Borrower shall have any personal liability for principal or interest payments or any other payments due under this Note.

(i) The Borrower hereby acknowledges that, pursuant to the Indenture, the Issuer is assigning to the Trustee all of the Issuer’s right, title, and interest in and to this Note, exclusive of the Reserved Rights of the Issuer. Such assignment is being made as security for the payment of the Bonds of the Issuer. All of the terms, conditions and provisions of the Indenture are, by this reference thereto, incorporated herein as part of this Note.

(j) This Note shall be deemed paid if and when the Conversion Date occurs.

Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the maker hereof for payment of the indebtedness evidenced hereby and in the event of a default, the holder of this Note will not seek or obtain any deficiency or personal judgment against the maker hereof except such judgment or decree as may be necessary to foreclose and bar its interest in the property.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered on its behalf on the date first written above.

MHP CITY HEIGHTS, LTD.

By: _____ [SEAL]
[NAME]
[TITLE]

Exhibit C

Regulatory Agreement

..... 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,

WELLS FARGO BANK, N.A.,
as Trustee,

and

MHP CITY HEIGHTS, LTD.

as Owner

Dated as of _____, 2021

Relating to

[\$[Par Amount]

Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) SERIES 2021 [(FN)]

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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 _____, 2021 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"), WELLS FARGO BANK, N.A., 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 MHP CITY HEIGHTS, LTD., a Texas limited partnership (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, construction and equipping of residential rental housing for persons of low and moderate income; and

WHEREAS, the Owner has requested the assistance of the Issuer in financing a multifamily residential affordable housing project located on the real property described in Exhibit A hereto (the "Project Site") and described in Exhibit B hereto (the "Project Facilities" together with the Project Site, the "Project" or "Development"), and, as a condition to such financial assistance, the Owner has agreed to enter into this Regulatory Agreement, setting forth certain restrictions with respect to the Project; and

WHEREAS, the Issuer has determined to assist in the financing of the Project by issuing Austin Housing Finance Corporation Multifamily Tax-Exempt Mortgage-backed Bonds (City Heights Apartments) Series 2021 in the aggregate principal amount of \$_____,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 Financing Agreement (as hereinafter defined);

WHEREAS, in order for interest on the Bonds to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and the federal income tax regulations (including temporary, proposed and final regulations) and rulings with respect to the Code, and in order to comply with the requirements of the Act, relating to the Bonds, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the Issuer, the Trustee and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, 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 Interpretation 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 Financing Agreement with respect to the Project, in substantially the form attached hereto as Exhibit D, or in such other form as the Issuer may reasonably prescribe.

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

"Eligible Tenants" means persons of low and moderate income whose adjusted gross income, together with the adjusted gross income of all persons who intend to reside with those persons in one dwelling unit, did not for the preceding tax year exceed the maximum amount constituting moderate income under the Issuer's rules, resolutions relating to the issuance of the Bonds, or financing documents relating to the issuance of the 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.

"Financing Agreement" means the Financing 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.

"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 _____, 2020.

"Installment Computation Date" means the last day of each fifth year commencing December 31, 2020, and the date on which the final payment in full of all Outstanding Bonds is made.

"Investment" has the meaning set forth in section 1.148-1(b) of the Regulations.

"Investment Proceeds" means any amounts actually or constructively received from investing Proceeds.

"Issue Price" means "issue price" as defined in sections 1273 and 1274 of the Code, unless otherwise provided in Sections 1.148-0 through 1.148-11 of the Regulations and, generally, is the aggregate initial offering price to the public (excluding bond houses, brokers and other intermediaries acting in the capacity of wholesalers or underwriters) at which a substantial amount of each maturity of Bonds is sold.

"Loan" means the loan to be made to the Owner pursuant to the the Mortgage and the Financing Agreement.

"Low-Income Tenants" means persons whose aggregate Anticipated Annual Income does not exceed 60% of the Median Gross Income for the Area. For purposes of this definition, the occupants of a Unit shall not be deemed to be Low-Income Tenants if all the occupants of such Unit at any time are "students", as defined in section 151(c)(4) of the Code, no one of whom is entitled to file a joint return under section 6013 of the Code.

"Low-Income Unit" means a Unit which is included as a Unit satisfying the requirements of the Set Aside.

"Median Gross Income for the Area" means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of Housing and Urban Development, under Section 8 of the United States Housing Act of 1937, as amended (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size.

"Net Proceeds" means any Net Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"Net Sale Proceeds" means the Sale Proceeds of the Bonds less any such proceeds deposited into a Reasonably Required Reserve or Replacement Fund under section 148(d) of the Code.

"Nonpurpose Investments" means any "investment property," within the meaning of section 148(b) of the Code, acquired with the Gross Proceeds of the Bonds.

"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 managing member, 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 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 first day on which 10 percent of the Units are occupied (which date may be 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 for federal income tax purposes, 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 Tax Certificate and any attachments thereto.

(c) The Owner has commenced or will commence the acquisition, construction and equipping of each of the Projects 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 Project Fund will have been applied to pay or to reimburse the Owner for the payment of Qualified Project Costs in an amount equal to 95 percent or more of the aggregate disbursements from such fund.

(g) [Reserved].

(h) The Owner (and any Affiliated Party) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the Proceeds of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Financing Agreement or this Regulatory Agreement. The Owner acknowledges that such requirements have been designed for the purpose of ensuring compliance with the provisions of the Act or the Code applicable to the Owner and the Project.

Section 2. Tax-Exempt Status of the Bonds. The Owner shall not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from the gross income (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.

(vi) For the greatest number of buildings in the Project as possible the proceeds of the Bonds shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code and the Borrower further covenants that it will not exercise any option to redeem the Bonds under the Indenture except upon the express written consent of the Investor Limited Partner; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or "Event of Default" under this Agreement or the Indenture.

(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 Financing Agreement relating to the Bonds, shall not establish any segregated reserve or similar fund for such purpose

and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of Bonds, unless prior to taking any action described in this subsection (c), the Owner has obtained and delivered to the Trustee a Favorable Opinion of Bond Counsel.

(d) The Owner shall not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest Gross Proceeds of the Bonds in any Investment (or to use Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Bonds to Stated Maturity, except as permitted by section 148 of the Code or as provided in the Tax Certificate dated the Closing Date delivered by the Issuer with respect to the Bonds.

(e) Except to the extent permitted by section 149(b) of the Code, neither the Issuer nor the Owner shall take or omit to take any action which would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(f) (i) Unless the Owner delivers a Favorable Opinion of Bond Counsel that the Owner does not need to comply with this Subsection 2(f), the Owner shall cause to be delivered, to the Trustee, within 25 days after each Computation Date:

(A) a statement of the Rebate Amount, if any, as of such Computation Date; and

(B) (1) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Installment Computation Date, less any "previous rebate payments" made to the United States (as that term is used in the Regulations), or (2) if such Computation Date is the Final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount as of such Final Computation Date, less any "previous rebate payments" made to the United States (as that term is used in the Regulations); and

(C) if a Rebate Amount is due, an Internal Revenue Service Form 8038-T properly signed and completed as of such Computation Date.

The foregoing notwithstanding, the Owner shall not be required to deliver the foregoing to the Trustee if the Owner certifies that the Bonds are excepted from the requirements of section 148(f) of the Code.

(ii) If the Owner shall discover or be notified as of any date:

(A) that any amount required to be paid to the United States pursuant to this Section 2(f) and the Indenture has not been paid as required; or

(B) that any payment paid to the United States pursuant to this Section 2(f) 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 2(f) 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 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 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; and

(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 2(i); and provided, further, that, until such next available Unit is rented to a tenant who is a Low-Income Tenant, the former Low-Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low-Income Tenant for purposes of the requirement of subparagraph (i) of this Section 2(i).

The parties hereto recognize that the requirements stated in Section 2(h) 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 Financing Agreement, to the extent required, in the opinion of Bond Counsel, in order for interest on the Bonds, to remain excludable from gross income for federal income tax purposes. The party requesting such amendment shall notify the other parties to this Agreement in writing of the proposed amendment and send a copy of such requested amendment to Bond Counsel. After review of such proposed amendment, Bond Counsel shall render to the Trustee, the Owner and the Issuer an opinion to the effect that such amendments are necessary and sufficient in order to enable compliance with the provisions of the Code

such that the interest on the Bonds will remain excludable from gross income for purposes of Federal income taxation. The Owner shall pay all necessary fees and expenses incurred with respect to such amendment, including necessary reasonable and actual attorney's fees and expenses incurred by Bond Counsel in rendering such opinion. The Owner, the Issuer and, where applicable, the Trustee pursuant to written instructions from the Issuer, shall execute, deliver and, if applicable, the Owner shall file of record, any and all documents and instruments, including without limitation, an amendment to this Regulatory Agreement, necessary to effectuate the intent of this Section, and the Owner and the Issuer hereby appoint the Trustee as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Owner or the Issuer, as is applicable, any such document or instrument (in such form as may be approved by and upon instruction of Bond Counsel) if either the Owner or the Issuer defaults in the performance of its obligation under this Section; provided, however, that the Trustee shall take no action under this Section without first notifying the Owner or the Issuer, as is applicable, in writing of its intention to take such action and providing the Owner or the Issuer, as is applicable, ten (10) business days after delivery of 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 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 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 Financing Agreement are substantial and material obligations of tenancy in the Project, (D) such tenant will comply promptly with all requests for information with respect to such requirements from the Owner, the Trustee and the Issuer, and (E) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Project;

(iv) To cause to be prepared and submitted to the Issuer and the Trustee on the first day of the Qualified Project Period, and thereafter by the tenth calendar day of each March, June, September, and December, 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, construct, equip and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 7. Reliance. 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 (to the extent still in effect) and this Regulatory Agreement and that each of the documents executed by the transferee in connection therewith

has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications, (2) the Issuer receives a Favorable Opinion of Bond Counsel, which opinion shall be furnished at the expense of the Owner or the transferee, regarding such sale, transfer or disposition, (3) the proposed purchaser or assignee executes any document reasonably requested by the Issuer with respect to assuming the obligations of the Owner under this Agreement and the Financing Agreement, and (4) the Issuer shall not have any reason to believe that the purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Project, including but not limited to the Financing Agreement, the Mortgage and this Agreement. The Owner hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Project in violation of this subsection shall be ineffective to relieve the Owner of its obligations under this Agreement. Upon any sale, transfer or other disposition of the Project in compliance with this Agreement, the Owner so selling, transferring or otherwise disposing of the Project shall have no further liability for obligations under the Financing Agreement arising after the date of such disposition. The foregoing notwithstanding, the duties and obligations of the Owner as set forth in the Loan Documents with respect to matters arising prior to the date of such sale, transfer or other disposition shall not terminate upon the sale, transfer or other disposition of the Project. The foregoing restrictions on transfer shall not apply to foreclosures, deeds in lieu of foreclosure, transfer by exercise of the power of sale or other similar transfer. Any such sale or transfer shall be subject to the Issuer's multifamily rules.

Section 10. Term. This Regulatory Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Mortgage, termination of the Financing Agreement and defeasance or termination of the Indenture.

The terms of this Regulatory Agreement to the contrary and notwithstanding, this Regulatory Agreement, the Financing 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 federal income tax purposes. The Issuer shall not be required to consent to termination of this Regulatory Agreement for any reason other than those specified above.

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. 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 for federal income tax purposes. The Issuer and the Trustee agree that a cure of any Event of Default made or tendered by any partner or member of Owner, or a guarantor of any of Owner's obligations, 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 and the Owner that a violation of this Regulatory Agreement has occurred.

Section 15. The Trustee. The Trustee shall act as specifically provided herein and in the Indenture. Subject to the right of the Trustee to be indemnified as provided in the Indenture, the Trustee shall act as the agent of and on behalf of the Issuer when requested in writing by the Issuer to do so, and any act required to be performed by the Issuer as herein provided shall be deemed taken if such act is performed by the Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and obligations of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article IX thereof, which are incorporated by reference herein. The incorporated provisions of the Indenture are intended to survive the retirement of the Bonds, discharge of the Mortgage, termination of the Financing Agreement and defeasance or termination of the Indenture.

Neither the Trustee nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence, bad faith, fraud or willful misconduct. No provision of this Regulatory Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that the payment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Trustee shall examine all documents prepared by the Owner 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 Owner in writing if the Trustee does not receive any document from the Owner at the time required under this Regulatory Agreement or if such document does not conform on its face to the requirements of this Regulatory Agreement. The Trustee may conclusively rely on and shall be protected in acting or omitting to act in good faith upon the certificates and other writings, which conform to the requirements of this Regulatory Agreement, as the Trustee may receive in connection with the administration of its obligation hereunder and has no duty or obligation to make an independent investigation with respect thereto.

Section 16. Recording and Filing. The Owner shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of Travis County, Texas and in such other places as the Issuer or the Trustee may reasonably request. The

Owner shall pay all fees and charges incurred in connection with any such recording. This Agreement is subject to and subordinate to all matters of record as of the date hereof.

Section 17. Reimbursement of Expenses. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, throughout the term of this Regulatory Agreement, the Owner shall continue to pay to the Issuer and the Trustee reimbursement for all fees and expenses actually incurred thereby required to be paid to the Issuer and the Trustee by the Owner pursuant to the Financing Agreement.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State (other than in respect of conflicts of laws). The Trustee's rights, duties, powers and obligations hereunder are governed in their entirety by the terms and provisions of this Agreement and the Indenture.

Section 19. Amendments. Subject to the provisions of Section 3 hereof, this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto, or their successors in title and duly recorded in the real property records of Travis County, Texas, and only upon receipt by the Issuer, the Owner and the Trustee of a Favorable Opinion of Bond Counsel regarding such amendment.

Section 20. Notices. Any notice required to be given hereunder to the Issuer, the Trustee or the Owner shall be given in the manner and to the address as set forth in the Indenture.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. Authorization to Act for Issuer. To the extent allowed by law, the Issuer hereby authorizes the Owner to take on behalf of the Issuer all actions required or permitted to be taken by it hereunder, or under the Indenture and the Financing Agreement and to make on behalf of the Issuer all elections and determinations required or permitted to be made by the Issuer hereunder or under the Indenture and the Financing Agreement. In addition, the Issuer hereby authorizes the Owner to exercise, on behalf of the Issuer, any election with respect to the Bonds pursuant to the Code or the Regulations, and the Issuer will cooperate with the Owner and execute any form of statement required by the Code or the Regulations to perfect any such election.

Section 24. Lease Addendum. Borrower agrees to abide by the terms of Exhibit E and will attach such addendum to all leases with tenants of the Project.

[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: Rosie Truelove
Title: Treasurer

Attest:

By: _____
Name:
Title:

WELLS FARGO BANK, N.A., as Trustee

By: _____

Name:

Title:

[SIGNATURE BLOCK]

ACKNOWLEDGMENT

STATE OF TEXAS

§

§

COUNTY OF TRAVIS

§

This Regulatory Agreement was acknowledged before me on _____, 2021, by Rosie Truelove, 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 _____

§
§
§

COUNTY OF _____

This instrument was acknowledged before me on _____, 2021, by _____,
authorized signatory of WELLS FARGO BANK, N.A..

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 _____, 2021, by _____, the President of _____, the member of _____, general partner of MHP CITY HEIGHTS, LTD., a Texas limited partnership, on behalf of said limited partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

EXHIBIT A

Legal Description for Title Commitment attached on next page.

EXHIBIT B

PROJECT AND OWNER

Owner: MHP CITY HEIGHTS, LTD..

Project Site: Located at approximately 4400 Nuckols Crossing Road in Austin, TX

EXHIBIT C

TENANT INCOME CERTIFICATION

\$[Par Amount]
Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) SERIES 2021 [(FN)]

VERIFICATION OF INCOME

RE:

Apartment Number: _____ Building Number: _____ Square footage: _____

Number of Bedrooms: _____ Apartment Address (Located at approximately 4400 Nuckols Crossing Road in Austin, TX) 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 _____, 2021.

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;
- (iv) If neither (ii) nor (iii) is applicable, then the household does not qualify as individuals or a family of low income.

¹ "Median income for the Area" means the area median gross income as determined by the Secretary of the Treasury in a manner consistent with determinations of lower-income families and area median gross income under Section 8 of the United States Housing Act of 1937, including adjustments for family size or, if programs under Section 8 are terminated, area median gross income determined under the method in effect immediately before such termination.

III. (Check one)

The household does not qualify as individuals or a family of low income.

The household qualifies as individuals or a family of low income.

IV. Number of apartment unit assigned:
(enter here and on page 1)

V. Method used to verify applicant's income:

____ Employer income verification

____ Copies of tax returns

____ Other (_____)

Date:_____

[SIGNATURE BLOCK]

EXHIBIT D

COMPLIANCE MONITORING REPORT

TO: Austin Housing Finance Corporation
c/o Program Manager
1000 E 11th, Suite 200
P.O. Box 1088
Austin, TX 78767

TO: WELLS FARGO BANK, N.A.
1 Independent Dr., Floor 6
Jacksonville, FL 32202

\$[Par Amount]
Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) SERIES 2021 [(FN)]

MHP CITY HEIGHTS, LTD. (the "Owner"), hereby represents and warrants that:

1. A review of the activities of the Owner during the period of _____ through _____ and of then Owner's performance under the Financing Agreement has been made under the supervision of the undersigned.
2. The Owner owns City Heights 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 _____, 2021, among the Owner, Austin Housing Finance Corporation (the "Issuer") and WELLS FARGO BANK, N.A., as Trustee (the "Trustee"); and (2) the Financing Agreement, dated as of _____, 2021, among the Owner, the Trustee and the Issuer (the "Financing Agreement"). The Regulatory Agreement was executed, delivered, and recorded against the Project in connection with the issuance of the Bonds. Hereinafter, unless otherwise expressly provided herein or unless the context requires otherwise, the capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Regulatory Agreement.
5. The Project's Qualified Project Period with respect to the Project, the period beginning on the first day on which 10% of the Units are occupied (which day may be the Bond Closing) and ending on the later of (i) the date which is 15 years after the Bond Closing, (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.

[SIGNATURE BLOCK]

OCCUPANCY SUMMARY
AS OF _____

[\$Par Amount]
Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) SERIES 2021 [(FN)]

PROJECT NAME: City Heights Apartments

PROJECT LOCATION: Located at approximately 4400 Nuckols Crossing Road in 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 _____.

EXHIBIT E
LEASE ADDENDUM

TENANT PROTECTIONS

FOR CITY OF AUSTIN-ASSISTED PROPERTIES
LEASE ADDENDUM

1. This Lease Agreement Addendum (“Addendum”) is an addendum to the Lease Agreement (herein referred to as the "Lease Agreement"), entered into on **[Date]** between **[Landlord Name]** (herein referred to as "Owner") and **[Tenant Name]** (herein referred to as "Tenant") for the leasing of the premises at **[Address]**, Austin, Texas **[Zip Code]** (herein referred to as “the Property”). The term Owner includes Owner’s agent(s).
2. The provisions of this Addendum supersede in all respects any conflicting provisions contained in the Lease Agreement. To the extent any conflict exists between the Lease Agreement and this Addendum, the provisions of this Addendum shall govern.
3. The provisions of this Addendum shall apply during the entirety of a tenancy, including month-to-month tenancies and any holdover tenancy.
4. **Prohibited Lease Terms. The following provisions contained in the Lease Agreement shall be null and void and unenforceable:**
 - 4.1. Any and all provisions in the Lease Agreement in which the Tenant agrees to be sued, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease or the Property.
 - 4.2. Any and all provisions in the Lease Agreement governing the right of the Owner to take, hold, or sell personal property of the Tenant or household members without written notice to the Tenant and a court decision on the rights of the parties, with the exception of property remaining in a housing unit after the Tenant has moved out of the unit which is disposed of in accordance with State law.
 - 4.3. Any and all provisions in the Lease Agreement excusing the Owner from legal responsibility or liability for any action or failure to act, whether intentional or negligent.
 - 4.4. Any and all provisions in the Lease Agreement in which the Tenant agrees that the Owner may institute an eviction lawsuit against the Tenant without notice to the Tenant.
 - 4.5. Any and all provisions in the Lease Agreement in which the Tenant agrees that the Owner may evict the Tenant or household members without instituting a civil court proceeding in which the Tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
 - 4.6. Any and all provisions in the Lease Agreement in which the Tenant agrees to waiver of a trial by jury.

- 4.7. Any and all provisions in the Lease Agreement in which the Tenant waives the right to appeal, or to otherwise challenge in court, a court decision in connection with the lease or Property.
- 4.8. Any and all provisions in the lease agreement in which the Tenant is chargeable with costs of legal actions regardless of outcome, including agreement by the Tenant to pay attorney's fees or other legal costs even if the Tenant wins in a court proceeding by the Owner against Tenant.
- 4.9. Any and all provisions in the Lease Agreement in which the Tenant agrees to waive the right to participate in a class action or collective action against the Owner.
- 4.10. Any and all provisions in the Lease Agreement requiring the Tenant (other than a tenant in transitional housing) to accept supportive services.
- 4.11. Any and all provisions in the Lease Agreement allowing the Owner to enter the Tenant's unit with less than twenty-four (24) hours' notice, except in the case of an emergency.
- 4.12. Any and all provisions in the Lease Agreement in which the Tenant agrees to pay charges and/or fees for late payments that are not a reasonable measure of actual and quantifiable damages to the Owner related to the late payments.
- 4.13. Any and all provisions in the Lease Agreement in which the Tenant agrees that the Owner has discretion to apply payments by Tenant to unpaid obligations, other than those designated by the Tenant.
- 4.14. Any and all provisions in the Lease Agreement in which the Tenant agrees that the Tenant is presumed responsible to have caused the conditions that necessitate repairs and pest treatments.
- 4.15. Any and all provisions in the Lease Agreement which prohibit the Tenant from having an overnight guest without permission of the Owner, if the guest is to stay for seven nights or fewer on the Property (unless the guest has previously been prohibited from entering the Property).
- 4.16. Any and all provisions in the Lease Agreement which prohibit the Tenant from paying rent by money order, cashier's check, or check (unless the Tenant's checks have previously been returned because of insufficient funds) or for charging additional fees based on the method of payment by the Tenant.

5. Termination of Tenancy:

- 5.1. Grounds for termination or nonrenewal. Owner may not terminate the tenancy or refuse to renew the lease of a Tenant except for:
 - 5.1.1. serious or repeated violations of the terms and conditions of the Lease Agreement; or

- 5.1.2. violations of applicable Federal, State, or local laws; or
 - 5.1.3. completion of tenancy period for transitional housing; or
 - 5.1.4. the temporary or permanent uninhabitability of the project justifying relocation of all or some of the project's tenants (except where such uninhabitability is caused by the actions or inactions of the Owner). Termination on these grounds shall trigger the Relocation provisions in Section 11.
- 5.2. Notices. To terminate or nonrenew the lease, Owner shall serve written notice upon the Tenant specifying the grounds for the termination or nonrenewal at least thirty (30) days before the effective date of the termination or nonrenewal. The notice to terminate or nonrenewal shall be served on the Tenant by either: (1) both first class mail and either certified or registered mail; or (2) by personal delivery to the Tenant or a household member eighteen years or older. The written notice shall advise the Tenant that she has ten (10) days within which to discuss the proposed termination or nonrenewal of tenancy with the Owner. If the Tenant requests the meeting, Owner agrees to discuss the proposed termination or nonrenewal with the Tenant. The Tenant has the right to examine their tenant file before the meeting. If the dispute is not resolved and the Tenant does not vacate the premises by the effective date of the termination as set forth in the notice of lease termination, Owner shall give the Tenant at least three days written notice to vacate the premises and, if the Tenant has not vacated the premises by the end of the third day, Owner may then proceed to obtain possession by a forcible entry and detainer lawsuit in the appropriate justice of the peace court. Owner agrees that Owner's failure to follow these procedures shall be cause for dismissal without prejudice of an eviction lawsuit.
- 5.3. Opportunity to cure prior to filing of lawsuit. Prior to serving the thirty-day notice to terminate or refusal to renew the tenancy on the Tenant, Owner shall provide Tenant with at least a ten-day opportunity to cure any alleged lease violation with the exception of lease violations based on drug activity; serious, violent criminal activity; or other serious criminal activity.
- 5.4. Owner's sole remedy related to repair damages. Owner agrees that its sole remedy to recover damages related to repairing the Property is to file suit for damages only in a court of competent jurisdiction. In a suit for damages under this section, Owner may not seek to evict Tenant from the Property. Owner agrees that its damages are limited to actual damages, reasonable attorney's fees, and court cost. Tenant shall have thirty days from the date a judgment is entered to pay Owner for damages under this Section. Owner agrees that if it files an eviction suit to recover only repair damages, Tenant may request the Court to dismiss the suit based on Owner's limitation of remedies contained in this Section.
6. **Entry into Unit.** Owner, or Owner's representative or servicemen, may enter the unit during reasonable times for any reasonable business purpose after providing at least twenty-four-hours' notice to the Tenant, with the exception of emergencies, for which no advance notice shall be required. Whenever the Tenant or household member over the age of 18 is not present in the unit at the time of entry, written notice stating the purpose of the entry thereof shall be left in the apartment after entry. Entries by Owner shall not be so frequent as to

seriously disturb Tenant's peaceful enjoyment of the unit.

7. **Tenant's Right to Conduct Activities related to a Tenant Organization.** Tenant and tenant organizers may conduct activities on the Property related to the establishment or operation of a tenant organization. Upon request by the Tenant, Owner agrees to meet with Tenant and a member of a tenant association during regular business hours to discuss matters related to the Property and the apartment complex. Owner agrees not to retaliate against Tenant and Tenant's guests by taking an action because Tenant established, attempted to establish, or participated in a tenant organization.
8. **Tenant's Right to Information.** Upon request by the Tenant, the Tenant has a right to see their tenant file, including but not limited to their Lease Agreement, Lease Addendum, and payment ledger.
9. **Common Area Access.** Tenant may access common areas, including the Property's community room, free of charge, during reasonable hours for tenant organization activities.
10. **Remediation of Hazardous Health Conditions.** Owner shall address and remediate hazardous health conditions, including but not limited to mold in indoor areas, in a timely manner, which is presumed to be seven (7) days from the receipt of notice about the condition. Owner may rebut this presumption by establishing that the condition was remediated in a timely manner based on the specific facts of the condition and remediation.
11. **Costs of Repairs.** Except in case of an emergency, Owner may not charge Tenant for repairs made to the Property without first notifying Tenant in writing prior to making the repairs of the estimated costs for the repairs. Owner agrees that Tenant has the right to challenge the necessity and extent of the repairs. In addition, Owner agrees that his remedy related to repairs to Tenant's Property is limited by Section 5.4 of this Lease Addendum.
12. **Relocation.**
 - 12.1. Relocation Assistance. Owner agrees to provide relocation assistance to Tenant if Tenant is permanently or temporarily forced to vacate their unit due to repair, transfer, sale or renovation of the Property. The relocation assistance shall consist of: moving expenses (including the actual and reasonable expenses of related to moving Tenant, Tenant's household members, and their personal property), utility connection fees, non-refundable deposits, and rent increases at a temporary unit during the period of relocation. Payment for permanently displaced Tenants shall consist of the amount necessary to enable the Tenant to lease or rent a comparable dwelling for up to 42 months, as consistent with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA").
 - 12.2. Right to Return. If the Tenant is relocated because of renovations or repairs at the Property, Owner agrees to provide the Tenant the opportunity to return to their original unit or a comparable unit at the same Property. A comparable unit has the same number of bedrooms or equivalent square footage.
13. **Tenant Agreement to Provide Requested Information.** The Tenant understands that the unit leased under the Lease Agreement has received governmental subsidies and that, as a condition of the governmental subsidy, the Tenant is required and hereby agrees to provide Owner with any information and sign such releases which are necessary to allow Owner to

verify the Tenant's income and otherwise comply with government rules and regulations. The Tenant agrees to provide Owner accurate and complete information regarding the Tenant's income and to do so by the date specified in Owner's request. The Tenant understands that the intentional failure to supply accurate and complete information regarding Tenant's income shall constitute a serious lease violation. All Tenant files will be available for inspection by all applicable federal, state, and local agencies. The Tenant hereby consents to release of all such information by Owner to governmental agencies.

14. **Copies of Lease Agreement.** Owner agrees to provide Tenant a copy of the Lease Agreement and this Addendum in the language in which the lease was negotiated. Owner also agrees to provide Tenant a copy of any other rules or policies issued by Owner that govern the Tenant's conduct at the Property. Owner agrees to attach a copy of this Addendum to any petition filed in an eviction proceeding against the Tenant. Owner agrees that Owner's failure to provide a copy of this Addendum to the Tenant or to the Court shall be cause for dismissal without prejudice of any eviction lawsuit filed by the Owner.
15. This Addendum is deemed to have been made in compliance with all applicable State and local laws, and if any section or part is not lawful, only that section or part shall be void, and the balance of the Addendum shall remain in full force and effect.

BY:	_____	_____
	Owner's Representative	Date
	_____	_____
	Tenant	Date

LANDLORD: THIS DOCUMENT MUST BE ATTACHED TO THE LEASE.

Exhibit D

Bond Purchase Agreement

BOND PURCHASE AGREEMENT

Dated April __, 2021

by and among

WELLS FARGO BANK, NATIONAL ASSOCIATION,

AUSTIN HOUSING FINANCE CORPORATION

and

MHP CITY HEIGHTS, LTD.

Relating to:

\$21,500,000

Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) Series 2021

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BOND PURCHASE AGREEMENT

Wells Fargo Bank, National Association, (the “Underwriter”), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement dated April __, 2021 (this “Purchase Contract”) with the Austin Housing Finance Corporation (together with its successors and assigns, the “Issuer”) and MHP City Heights, Ltd., a Texas limited partnership (the “Borrower”), for the sale by the Issuer and the purchase by the Underwriter of the Bonds defined below which are being issued by the Issuer for the benefit of the Borrower. The Underwriter is an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended (the “1933 Act”). This offer is made subject to the written acceptance hereof by the Issuer and the Borrower and delivery of such acceptance (in the form of one or more counterparts hereof) at or prior to 5:00 p.m., Eastern Time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing). Upon such acceptance, this Purchase Contract will be binding upon each of the Issuer, the Borrower and the Underwriter.

Section 1. Definitions and Background. Capitalized terms used in this Purchase Contract but not defined herein have the meanings assigned to them in the Indenture of Trust by and between the Issuer and Wells Fargo Bank, National Association, a national banking association (the “Trustee”) dated as of April 1, 2021 (the “Indenture”).

1.2 This Purchase Contract is for the sale and delivery of the Issuer’s Multifamily Tax-Exempt Mortgage-backed Bonds (City Heights Apartments) (M-TEBS) Series 2021 (the “Bonds”), which are being issued by the Issuer to provide financing for the Project. The Bonds will be issued pursuant to (i) that certain resolution of the Issuer adopted March __, 2021 (the “Bond Resolution”), (ii) the provisions of Chapter 394, Texas Local Government Code, as amended (the “Act”), and (iii) the terms of the Indenture. The Bonds will be payable from sources pledged under the Indenture, including the moneys and securities from time to time held by the Trustee in the funds and accounts established under the terms of the Indenture (collectively, the “Trust Estate”). In connection with the issuance of the Bonds, the Issuer will execute and deliver this Purchase Contract; the Indenture; the Financing Agreement among the Issuer, the Trustee and the Borrower (the “Financing Agreement”) dated as of April 1, 2021; the Tax Certificate and Agreement, dated April __, 2021 (the “Tax Certificate”); and the Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) (collectively, the “Issuer Documents”) and the Borrower will execute and deliver this Purchase Contract, the Financing Agreement, the Continuing Disclosure Agreement, the Tax Certificate, and the Regulatory Agreement (collectively, the “Borrower Documents”). The Issuer Documents and the Borrower Documents are referred to herein as the “Financing Documents.”

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Purchase Contract, the Underwriter hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Underwriter, at the Closing (as hereafter defined), \$21,500,000 aggregate principal amount of its Bonds at a price set forth in Exhibit A attached hereto plus accrued interest from the dated date thereof to the Closing Date.

2.2 The Bonds will (i) be issued pursuant to the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rate and price) set forth in Exhibit A attached hereto, and will otherwise correspond to the description thereof contained in the Official Statement.

2.3 The Issuer and the Borrower each acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm’s-length commercial transaction among the Issuer, the Borrower, and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting

solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed individually or collectively any advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has advised or provided other services or is currently advising or providing other services to the Issuer or the Borrower on other matters) and the Underwriter has no contractual obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, and (iv) the Issuer and the Borrower have consulted their own legal, financial, accounting, tax and other advisors to the extent they deem appropriate in connection with the offering of the Bonds. The primary role of the Underwriter is to purchase the Bonds for resale to investors in an arm's-length commercial transaction between the Issuer and the Underwriter. The Underwriter has financial and other interests that differ from those of the Issuer.

Section 3. Offering of Bonds and Issue Price Certificate. The Underwriter hereby agrees that: (a) the Underwriter will make a bona fide public offering of the Bonds at the price shown in Exhibit A hereto; (b) at least 10% of each maturity of the Bonds were sold at the price shown for that Maturity (as defined in Exhibit H hereto) on the date hereof; and (c) the Underwriter will provide to the Issuer and McCall Parkhurst & Horton LLP ("Bond Counsel"), an executed Issue Price Certificate dated the Closing Date (as defined herein) in the form attached as Exhibit H hereto or other form reasonably required by Bond Counsel in order to establish the issue price of the Bonds.

The Underwriter reserves the right to change such prices as it deems necessary in connection with the offering of the Bonds. Concessions from the public offering price may be allowed to selected dealers and special purchasers. The Borrower authorizes the Underwriter to complete the supplement to the Official Statement to insert the reoffering price for the Bonds selected by the Underwriter in its complete discretion.

Section 4. Closing. Subject to the terms and conditions hereof, the delivery of the Bonds and the payment of the purchase price of the Bonds as set forth in Exhibit A hereof (the "Closing") will take place at 10:00 a.m. on April __, 2021, or at such other time or on such other date mutually agreed upon by the Issuer, the Borrower and the Underwriter, which date shall be referred to herein as the "Closing Date."

Section 5. Official Statement; Disclosure Matters.

5.1 The Issuer and the Borrower each hereby (a) confirms its consent to the use by the Underwriter of the Preliminary Official Statement dated April __, 2021 (the "Preliminary Official Statement") in the marketing of the Bonds and (b) authorizes the Underwriter to prepare, use and distribute (at the expense of the Borrower) the Official Statement dated April __, 2021 (the "Official Statement") in final form in connection with the offering and sale of the Bonds.

5.2 The Issuer and the Borrower each agrees to the extent required and permitted by applicable law to cooperate (at the sole cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the requirements of Rule 15c2-12 ("Rule 15c2-12") under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and any other rules of the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), in connection with the offer and sale of the Bonds.

5.3 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b) respectively:

(a) The Issuer hereby certifies and agrees that the information in the Preliminary Official Statement as of its date and the Official Statement under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” has been “deemed final” by the Issuer as of their date, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

(b) The Borrower hereby certifies and agrees that the Preliminary Official Statement and the Official Statement have been “deemed final” by the Borrower as of their date, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

5.4 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b), respectively:

(a) The Issuer hereby represents that the information in the Preliminary Official Statement and the Official Statement under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(b) The Borrower hereby represents that the information in the Preliminary Official Statement and the Official Statement is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5.5 The Issuer and the Borrower will, at the expense of the Borrower, supply to the Underwriter the Official Statement, in such quantity as may be requested by the Underwriter no later than the earlier of (i) seven (7) business days after the date of this Purchase Contract or (ii) one (1) business day prior to the Closing Date, in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The Borrower shall provide to the Underwriter the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

5.6 During the period commencing on the date of this Purchase Contract and ending on the earlier of (a) 90 days from the End of the Underwriting Period or (b) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period (the “Update Period”), if any event shall occur which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and in the judgment of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer (to the extent of the provisions referred to in Section 5.4(a) hereof) and the Borrower will, at the expense of the Borrower, prepare or cooperate in the preparation of such supplement or amendment to the Official Statement in a form approved by the Underwriter and furnish or cooperate in the furnishing to the Underwriter (at the sole expense of the Borrower) a reasonable number of copies of an amendment of, or a supplement to, the Official Statement so that, as supplemented or amended, they will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. If the Official Statement is so supplemented

or amended prior to the Closing, the approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Purchase Contract in accordance with the provisions of Section 13(c) hereof. The “End of the Underwriting Period” means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public; provided, that the “End of the Underwriting Period” shall be deemed to be the Closing Date, unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds, in which case the End of the Underwriting Period shall be deemed to be extended for 30 days. The deemed End of the Underwriting Period may be extended for two additional periods of 30 days each upon receipt of an additional written notification from the Underwriter containing the same information as required in the initial written notice.

5.7 If, during the Update Period, the Issuer becomes aware of any event relating to the information concerning the Issuer under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” of the Official Statement which would cause such portions of the Official Statement to contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Issuer will promptly notify the Underwriter of such event.

5.8 The Issuer shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Issuer, of which the Issuer has actual knowledge, seeking to prohibit, restrain or otherwise affect the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.

5.9 If, during the Update Period, the Borrower becomes aware of any event which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Borrower will promptly notify the Underwriter and the Issuer of such event.

5.10 The Borrower shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Borrower, of which they receive written or actual notice, seeking to prohibit, restrain or otherwise affect the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bond.

5.11 The Borrower represents and warrants to the Underwriter and the Issuer that neither the Borrower nor any affiliates thereof are in default under any undertakings with respect to continuing disclosure requirements designed to comply with Rule 15c2-12 in connection with any issue of municipal securities.

Section 6. Representations of the Issuer.

6.1 The Issuer hereby makes the following representations to the Underwriter:

(a) The Issuer is a housing finance corporation duly organized and existing under the laws of the State of Texas (the “State”), and has full power and authority under the Act to adopt the Bond Resolution and to enter into and to perform its obligations under the Issuer Documents; and when executed and delivered by the respective parties thereto, the Issuer Documents will constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the

exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against units of government of the State;

(b) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has approved and authorized the distribution of the Preliminary Official Statement and the Official Statement and authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions contemplated thereby;

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body pending or threatened against the Issuer seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Issuer Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the existence or powers of the Issuer relating to the sale of the Bonds;

(d) The statements and information contained in the Preliminary Official Statement and the Official Statement under the captions "THE ISSUER" and "NO LITIGATION – The Issuer" are true and correct in all material respects, and the information contained in the Preliminary Official Statement and the Official Statement under the captions "THE ISSUER" and "NO LITIGATION – The Issuer" does not contain an untrue statement of a material fact or omit any material fact which is necessary to make such statements and information therein, in light of the circumstances under which they were made, not misleading;

(e) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer's part contained therein will neither (i) conflict with or constitute a material breach of or default under any law, administrative regulation, judgment or decree to which the Issuer is subject, (ii) conflict with any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor (iii) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, financing agreement, indenture, bond, security, note, resolution, agreement or other instrument, except as provided by the Issuer Documents;

(f) Except as may be required under Blue Sky or other securities laws of any state and for filings to be made with the Internal Revenue Service on Form 8038, to the Issuer's knowledge, there is no consent, approval, authorization or other order of, or filing with, or certification by, any state court, or state or federal governmental agency, or public body of any state required for the execution and delivery of the Issuer Documents or the consummation by the Issuer of the transactions on its part contemplated herein or therein, which has not been duly obtained or made on or prior to the date hereof;

(g) Upon delivery of the Bonds, the Issuer will have good right, full power and lawful authority to pledge and assign the Trust Estate described in the Indenture to the Trustee as provided in the Indenture and the Bond Resolution;

(h) The Issuer has complied in all material respects with the Bond Resolution and the Issuer Documents; and

(i) The Bonds, when delivered in accordance with the Indenture and paid for by the Underwriter on the Closing Date as provided herein, will be validly issued and outstanding special, limited obligations of the Issuer entitled to all the benefits and security of the Indenture.

6.2 The execution and delivery of this Purchase Contract by the Issuer shall constitute a representation by the Issuer to the Underwriter that the representations and agreements contained in this Section 6 are true as of the date hereof; provided, however, that as to information furnished by the Borrower pursuant to this Purchase Contract, the Issuer is relying solely on such information in making the Issuer's representations and agreements, and as to all matters of law the Issuer is relying on the advice of Bond Counsel; and provided further, that no member, officer, agent or employee of the Issuer shall be individually liable for the breach of any representation, or agreement contained herein.

6.3 It is understood that the representations and covenants of the Issuer contained in this Section 6 and elsewhere in this Purchase Contract shall not create any general obligation or liability of the Issuer, and that any obligation or liability of the Issuer hereunder or under the Issuer Documents is payable solely out of the Trust Estate established under the Indenture. It is further understood and agreed that the Issuer makes no representations, except as set forth in paragraph 5.4(a) above, as to the Official Statement, or as to (i) the financial condition, results of operation, business or prospects of the Borrower or the Project, (ii) any statements (financial or otherwise), representations, documents or certification provided or to be provided by the Borrower in connection with the offer or sale of the Bonds, or (iii) the correctness, completeness or accuracy of such statements, representations, documents or certifications.

Section 7. Representations and Warranties of the Borrower.

7.1 The Borrower hereby makes the following representations and warranties to the Underwriter and the Issuer, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is a limited partnership duly organized and existing under and pursuant to the laws of the State and is qualified to own the Project and conduct its business in the State.

(b) The Borrower has, and as of the Closing Date will have, full legal right, power and authority to (i) execute and deliver the Borrower Documents, (ii) assist in the preparation, distribution and use of the Preliminary Official Statement and the Official Statement, and (iii) otherwise consummate the transactions contemplated by the Borrower Documents.

(c) The Borrower has duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, (iii) preparation of the Preliminary Official Statement and the Official Statement, and (iv) consummation by the Borrower of all of the transactions contemplated by the Borrower Documents.

(d) The Borrower Documents are, and, when executed and delivered by the Borrower and the other parties thereto, will be, the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(e) To the Borrower's knowledge, all consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower for the

execution and delivery by the Borrower of the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing.

(f) The execution and delivery by the Borrower of the Borrower Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the organizational documents of the Borrower, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties are bound.

(g) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any partner of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of the Preliminary Official Statement or the Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Borrower Documents or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Preliminary Official Statement, the Official Statement or the Borrower Documents, (B) the validity or enforceability of the Bonds, the Borrower Documents or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by the Preliminary Official Statement, the Official Statement and the Borrower Documents, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(h) On the Closing Date, the Borrower shall not have granted any interests in or rights or options to sell the Bonds to any other party.

(i) All permits (including building permits), licenses and authorizations necessary for the ownership and operation of its Project in the manner contemplated by the Preliminary Official Statement, the Official Statement and each of the Borrower Documents have been obtained or will be obtained, and said ownership and operation are not, to the knowledge of the Borrower, in conflict with any zoning or similar ordinance applicable to the Project. To the knowledge of the Borrower, the Project conforms to all material environmental regulations.

(j) None of the Borrower, any guarantor of the Borrower or any “related person” to the Borrower within the meaning of Section 147 of the Code has acquired or shall acquire, pursuant to any arrangement, formal or informal, any Bonds.

(k) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) On the Closing Date, each of the representations and warranties of the Borrower contained in the Borrower Documents and all other documents executed by the Borrower in connection with the Bonds shall be true, correct and complete in all material respects.

(m) As of the Closing Date, the Borrower will not be in material default under any document, instrument or commitment to which the Borrower is a party or to which any of its property is subject which default would or could reasonably be expected to adversely affect the ability of the Borrower to carry out its obligations under the Borrower Documents. As of the Closing Date, the Borrower will be in compliance with all of its obligations under the Regulatory Agreement.

(n) The statements and information contained in the Preliminary Official Statement and the Official Statement are true and correct in all material respects and do not contain an untrue statement of a material fact or omit any material facts necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(o) The Borrower is in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12, if any.

7.2 Each of the representations and warranties set forth in this Section 7 will survive the Closing.

7.3 Any certificate signed by any officer of the Borrower and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Borrower to the Underwriter as to the statements made therein.

Section 8. Covenants of the Issuer.

8.1 The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, the Issuer will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(c) hereof.

(b) Prior to the Closing, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Issuer Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing, except as provided in the Issuer Documents, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds or the Issuer Documents.

(d) The Issuer will not knowingly take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture and described in the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(e) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Issuer Documents and the Bonds.

(f) The Issuer will reasonably cooperate with the Underwriter upon request, without cost to the Issuer, in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate; provided that the foregoing shall not require the Issuer to expend its own funds, execute a general or special consent to service of process or to qualify as a foreign corporation in connection with such qualification in any foreign jurisdiction.

(g) The Issuer will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to the Underwriter, the Issuer shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 9. Covenants of the Borrower.

9.1 The Borrower hereby makes the following covenants with the Underwriter and the Issuer:

(a) The Borrower will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter and the Issuer. It is understood pursuant to Section 12(c) that, in the event there arises an event or condition which, in the reasonable judgment of the Underwriter, requires the Official Statement to be amended or supplemented or has a material and adverse effect upon the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, the Underwriter shall have the right, pursuant to Section 12(c) hereof, to terminate this Purchase Contract without liability. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(c) hereof.

(b) The Borrower will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to the Underwriter, the Borrower shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Issuer and the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material

fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) Prior to the Closing, the Borrower will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Borrower Documents without the prior written consent of the Underwriter.

(d) Prior to the Closing, the Borrower will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds, the Financing Documents or any indebtedness allowed under the loan from Wells Fargo Bank, National Association, a national banking association (the "Permanent Lender").

(e) The Borrower will cooperate with the Issuer to cause the Bonds to be delivered to the address and at the time specified by the Underwriter in conjunction with the Closing.

(f) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds, or other moneys on deposit in any fund or account in connection with the Bonds, to be applied in a manner other than as provided in the Indenture and described in the Preliminary Official Statement or the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(g) The Borrower will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate.

(h) The Borrower agrees to cause the necessary amount to be paid to the Trustee on the Closing Date for deposit into the Costs of Issuance Fund as set forth in the Indenture to pay costs of issuance.

(i) The Borrower agrees to provide the Underwriter, at the Borrower's expense, a reasonable number of additional copies of the Financing Documents as the Underwriter shall request.

Section 10. Conditions of Closing.

10.1 The obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 10.2 hereof and to the satisfaction of the following conditions:

(a) The Underwriter will not have discovered any material error, misstatement or omission in the representations and warranties made in this Purchase Contract, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) The Issuer and the Borrower will have performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by such respective parties at or prior to Closing.

(c) The Bonds, the Financing Documents and the Official Statement shall each have been executed and delivered by each of the parties thereto, shall be in full force and effect on and

as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing except as may have been agreed to in writing by the Underwriter and no event of default shall exist under any such documents.

(d) The Underwriter will have received orders for all of the Bonds (or such amount of the Bonds as is acceptable to the Underwriter), and such orders have not been withdrawn at the time of the Closing.

(e) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering price set forth in the Official Statement, of the Bonds shall not have been adversely affected, in the judgment of the Underwriter.

(f) The Borrower shall have entered into the Continuing Disclosure Agreement containing covenants meeting the requirements of Rule 15c2-12 under the 1934 Act.

10.2 In addition to the conditions set forth in Section 10.1, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) An approving opinion of Bond Counsel, dated the Closing Date, relating to the validity of the Bonds and the tax-exempt status of the Bonds, substantially in the form attached to the Official Statement as Appendix I, and a letter of such counsel, addressed to the Federal National Mortgage Association (“Fannie Mae”), the Underwriter, and the Issuer, to the effect that such opinion may be relied upon, together with a supplemental opinion of Bond Counsel, satisfactory in form and substance to the Underwriter and the Issuer, dated the Closing Date, substantially in the form attached hereto as Exhibit B.

(b) An opinion of counsel to the Borrower, dated the Closing Date, satisfactory in form and substance to the Underwriter, the Trustee, Fannie Mae, Bond Counsel and the Issuer and in substantially the form attached hereto as Exhibit C.

(c) An opinion of Tiber Hudson LLC, counsel to the Underwriter, satisfactory in form and substance to the Underwriter.

(d) A certificate of the Issuer, dated the Closing Date and signed by an authorized official or officer of the Issuer, to the effect that (i) each of the Issuer’s representations contained herein and in all other Issuer Documents, which representations will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Issuer has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing; and (iii) the information contained in the Preliminary Official Statement and the Official Statement under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” is true and correct in all material respects.

(e) Evidence that a public hearing has been duly held and the issuance of the Bonds has been duly approved as required by the Code.

(f) A certificate of the Issuer, dated the Closing Date and signed by an authorized officer of the Issuer, in form and substance satisfactory to the Issuer, the Underwriter and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(g) A certificate of the Borrower, dated the Closing Date and signed by its authorized representative, to the effect that (i) each of the Borrower's representations and warranties contained herein and in all Borrower Documents, which representations and warranties will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Borrower has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing; (iii) since the date of the Official Statement and except as set forth therein, there has not been any material adverse change in the Borrower's operations, financial or otherwise; (iv) the information contained in the Preliminary Official Statement and the Official Statement is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and (v) such other matters as the Underwriter may reasonably request.

(h) A certificate of the Borrower dated the Closing Date and signed by its authorized representative, in form and substance satisfactory to the Underwriter and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(i) A certificate of the Trustee, dated the Closing Date and signed by an authorized officer of the Trustee, in form and substance satisfactory to the Underwriter.

(j) The Borrower's 15c2-12 Certificate, substantially in the form attached hereto as Exhibit D, duly executed by the Borrower.

(k) Certified copies of the organizational documents of the Borrower and copies of the resolutions or actions of its partners (if applicable) authorizing the execution and delivery of the Borrower Documents.

(l) The Financing Documents (or certified copies thereof) duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Issuer, Bond Counsel and the Underwriter.

(m) A certificate of Fannie Mae dated the Closing Date, delivered to the Issuer, Bond Counsel and the Underwriter, substantially in the form attached hereto as Exhibit F.

(n) A certificate of the Permanent Lender dated the Closing Date, delivered to the Issuer, Bond Counsel and the Underwriter, substantially in the form attached hereto as Exhibit G.

(o) Written evidence satisfactory to the Underwriter that Moody's Investor's Service, Inc. (the "Rating Agency") has issued a rating of "Aaa" for the Bonds and such rating shall be in effect on the Closing Date.

(p) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties of the Issuer and the Borrower herein contained and of the Official Statement, and to evidence compliance by the Issuer and the Borrower with this Purchase Contract and all applicable legal requirements, and the due performance and satisfaction by the Issuer and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and the Borrower.

10.3 If any of the conditions set forth in Section 10.1 or 10.2 hereof have not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Purchase Contract or proceed to Closing upon waiving any rights under this Purchase Contract with respect to any such condition. If this Purchase Contract is terminated pursuant to this Section 10, no party will have any rights or obligations to any other, except as provided in Section 13 hereof.

Section 11. Actions and Events at the Closing. The following events will take place at the Closing:

(a) The Issuer will cause the Trustee to deliver the Bonds to the Underwriter. The Bonds so delivered will be in the form required by the Indenture, duly authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Underwriter at the offices of Bond Counsel, or at such other place or places as the Issuer, the Borrower and the Underwriter may mutually agree upon, the materials described in Section 10.1 and Section 10.2 hereof.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer, a wire, payable in immediately available funds, in an amount equal to the purchase price of the Bonds as set forth in Exhibit A hereto.

Section 12. Termination of Agreement. The Underwriter may terminate this Purchase Contract, without liability therefor, by notifying the Issuer and the Borrower at any time prior to the Closing, if:

(a) Legislation is enacted or introduced in the Congress or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either house of the Congress of the United States by a committee of such house to which such legislation has been referred for consideration, or a decision is rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice or official statement is issued or made: (i) by or on behalf of the President, the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the owners of the Bonds, or (ii) by or on behalf of the SEC, or any other governmental entity having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or any arrangements underlying the Bonds, are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(b) The declaration of a general banking moratorium by federal, New York or State authorities, or general suspension of trading in securities on the New York Stock Exchange any other national securities exchange, or the establishment by the New York Stock Exchange, by the SEC, by any federal or state agency or by the decision of any court, of any limitation on prices for such trading, or any outbreak or escalation of hostilities or occurrence of any other national or international calamity or crisis or escalation of such calamity or crisis or escalation of such calamity or crisis, the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to proceed with the purchase and offering of the Bonds;

(c) Any event or condition which, in the reasonable judgment of the Underwriter, (i) renders untrue any statement of a material fact in the Official Statement which the Issuer and the Borrower do not agree to supplement the Official Statement, or (ii) causes in the Official Statement to omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and the Issuer and the Borrower do not agree to supplement the Official Statement, or (iii) has a material adverse effect upon the marketability of the Bonds, or (iv) would materially and adversely affect the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(d) The imposition by the New York Stock Exchange or other national securities exchange, or any governmental entity, of any restrictions not now in force with respect to any of the Bonds or obligations of the general character of the Bonds or securities generally, or the increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of the Underwriter;

(e) An order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental entity having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or the issuance, offering or sale of the Bonds or any arrangements underlying the Bonds, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of the federal securities laws as then in effect; or

(f) The rating on the Bonds shall have been downgraded or withdrawn by the Rating Agency; or

(g) A material disruption in securities settlement, payment, or clearance services shall have occurred.

Section 13. Fees and Expenses.

13.1 The Borrower shall pay to the Underwriter a fee in the amount of \$_____ plus \$_____ for certain fees and expenses (the "Purchasing Fee"), payable in immediately available funds on the Closing Date from which the Underwriter will pay certain expenses. The Purchasing Fee shall not include the fee of the Underwriter's counsel. The Borrower acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred in connection with the issuance of the Bonds. The Borrower has agreed to pay the Purchasing Fee set forth in this Section 13.1, and inclusive in the expense component of the Purchasing Fee are actual expenses incurred or paid for by the Underwriter on behalf of the Borrower in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, advertising expenses, the costs of any preliminary and final blue sky memoranda, CUSIP fees, and transportation, lodging, and meals for the Borrower's employees and representatives, if any.

13.2 The Borrower shall pay the costs of issuance of the Bonds, including all expenses incident to the performance of the Underwriter's and the Issuer's obligations hereunder, including, but not limited to, (i) the cost of the preparation, printing or other reproduction of this Purchase Contract, the Preliminary Official Statement and the Official Statement, as either may be supplemented or amended, the Indenture and the other Financing Documents in reasonable quantities for distribution; (ii) the cost of engraving, reproducing and signing the definitive Bonds; (iii) the reasonable fees and disbursements of all applicable legal counsel, including Bond Counsel, counsel to the Issuer, counsel to the Trustee (if any), and counsel to the Underwriter; (iv) the initial fees and costs of paying the Trustee and all paying agents, transfer agents

and registrars; (v) the fees and expenses of the Issuer; (vi) CUSIP fees; (vii) the cost of qualifying the Bonds for sale in various states chosen by the Underwriter and the cost of preparing or printing any Preliminary Blue Sky Survey to be used in connection with such sale; (viii) the fees and expenses of the experts retained by the Borrower with respect to the acquisition, rehabilitation and financing of the Project; (ix) the fees of the Rating Agency in connection with the rating of the Bonds; (x) all other applicable fees of professionals hired in conjunction with the issuance of the Bonds; (xi) normal travel costs, including reasonable transportation and lodging; and (xii) ordinary and reasonable meals hosted by the Underwriter that are directly related to the offering contemplated by this Purchase Contract.

13.3 The Underwriter will pay all expenses (other than those described in Section 13.2) incurred by the Underwriter in connection with its public offering and sale of the Bonds.

13.4 In the event that the Issuer, the Borrower or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

13.5 In addition to the provisions set forth in Section 14 hereto, the Borrower shall indemnify the Issuer and the Underwriter with respect to the foregoing costs and expenses in the event that the purchase provided for herein is not consummated.

Section 14. Indemnification.

14.1 The Borrower will indemnify and hold harmless the Issuer and the Underwriter, and each of their officers, directors, employees, agents, officials, members, commissioners, board members and each person who “controls” (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Issuer and the Underwriter (each referred to individually as an “Indemnified Party” and collectively as the “Indemnified Parties”) against any losses, claims, expenses (including, without limitation, to the extent permitted by law, reasonable attorneys’ fees and expenses actually incurred), damages or liabilities, causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the “Liabilities”), joint or several, to which the Indemnified Parties may be threatened or become subject, caused by or directly or indirectly arising from or in any way relating to (i) the Bonds, the Project, the loan of the proceeds of the Bonds, this Purchase Contract or any document related to the Bonds, the Project or the loan of the proceeds of the Bonds or any transaction or agreement, written or oral, pertaining to the foregoing, (ii) any untrue statement or alleged untrue statement of any material fact contained in the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto, or (iii) any omission or alleged omission to state in the Preliminary Official Statement or the Official Statement a material fact necessary to be stated therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. This indemnification provision shall not be construed as a limitation on any other liability which the Borrower may otherwise have to any indemnified person, provided that in no event shall the Borrower be obligated for double indemnification, in that the Borrower shall not be required to indemnify an Indemnified Party more than once with respect to a specific indemnification obligation arising as the result of a specific event. Notwithstanding the foregoing, the Borrower shall not be required to indemnify the Indemnified Parties for the gross negligence or willful misconduct of the Indemnified Parties.

14.2 The indemnity agreements in paragraph 14.1 of this Section 14 shall be in addition to any liability which the Borrower may otherwise have hereunder or under the other Borrower Documents, and shall extend on the same terms and conditions to each member, principal, official, officer, commissioner, board member, attorney or employee of the Borrower and to each person, if any, who “controls” (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Borrower.

14.3 Promptly after receipt by an Indemnified Party under paragraph 14.1 of this Section of notice of the commencement of any action against such Indemnified Party in respect of which indemnity or reimbursement may be sought against the Borrower under any such paragraph, such Indemnified Party will notify the Borrower in writing of the commencement thereof; provided that any delay or failure to give such notification shall be of no effect except to the extent that the Borrower is prejudiced thereby.

14.4 In case any action, claim or proceeding, as to which the Borrower is to provide indemnification hereunder, shall be brought against the Indemnified Party and the Indemnified Party notifies the Borrower of the commencement thereof, the Borrower may, or if so requested by the Indemnified Party shall, participate therein or assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party; provided that, except as provided below, the Borrower shall not be liable for the expenses of more than one separate counsel representing the Indemnified Parties in the action, claim or proceeding.

14.5 If the Borrower shall not have employed counsel to have charge of the defense of the action, claim or proceeding, or if any Indemnified Party shall have concluded reasonably that there may be a defense available to it or to any other Indemnified Party which is different from or in addition to those available to the Borrower or to any other Indemnified Party (hereinafter referred to as a "separate defense"), (i) the Borrower shall not have the right to direct the defense of the action, claim or proceeding on behalf of the Indemnified Party, and (ii) reasonable legal and other expenses incurred by the Indemnified Party (including without limitation, to the extent permitted by law, reasonable attorney's fees and expenses actually incurred) shall be borne by the Borrower; provided, that the Borrower shall not be liable for the expenses of more than one additional separate counsel for each Indemnified Party with respect to such separate defenses. For the purpose of this paragraph, an Indemnified Party shall be deemed to have concluded reasonably that a separate defense is available to it or any other Indemnified Party if (a) such Indemnified Party shall have requested an unqualified written opinion from Independent Counsel to the effect that a separate defense exists, and such Independent Counsel shall have delivered such opinion to the Indemnified Party within ten (10) days after such request or (b) the Borrower agrees that a separate defense is so available. For purposes of this paragraph, Independent Counsel shall mean any attorney, or firm or association of attorneys, duly admitted to practice law before the supreme court of any state and not a full-time employee of any Indemnified Party. Nothing contained in this paragraph 14.5 will preclude any Indemnified Party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Borrower hereunder.

14.6 The Borrower agrees to reimburse any Indemnified Party for any reasonable expense (including reasonable fees and expenses of counsel) incurred as a result of producing documents, presenting testimony or evidence, or preparing to present testimony or evidence (based upon time expended by an Indemnified Party at its then current time charges), in connection with any court or administrative proceeding (including any investigation which may be preliminary thereto) arising out of or relating to any public distribution of the Bonds. The Borrower will not be required to reimburse any Indemnified Party if such court or administrative hearing arises out of the gross negligence of, willful misconduct or breach of, this Purchase Contract by an Indemnified Party.

14.7 In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph 14.1 or 14.2 of this Section 14 is for any reason held to be unavailable, the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds bears to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the

Indemnified Party in connection with the issuance and administration of the Bonds; and provided, further, that the foregoing limitation on an Indemnified Party's liability or responsibility shall not be applicable if the indemnity provided for in paragraph 14.1 or 14.2 is unavailable or inapplicable due to the gross negligence or willful misconduct of any Indemnified Party. No person guilty of fraudulent misrepresentation (within Section 10(b) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

14.8 The Indemnified Parties, other than the Underwriter and the Issuer, shall be considered to be third-party beneficiaries of this Purchase Contract for purposes of this Section 14. The provisions of this Section 14 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination and cancellation of this Purchase Contract, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

14.9 Notwithstanding anything to the contrary in this Purchase Contract, the Issuer may employ its own counsel (whether one or more separate counsel) in any manner it deems appropriate and the Borrower shall indemnify the Issuer for fees and expenses of such counsel.

Section 15. Limitation of Liability. Notwithstanding any provision herein to the contrary, any member, officer, director, partner, agent, commissioner, board members or employee of the Issuer, the Underwriter or the Borrower, including any person executing this Purchase Contract, shall not bear any liability as a result of any failure of the Issuer, the Underwriter or the Borrower to perform the obligations of each, respectively, set forth in this Purchase Contract.

Section 16. Miscellaneous.

16.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following address or such other address as either of the parties shall specify:

If to the Underwriter:	Wells Fargo Securities 30 Hudson Yards, 62 nd Floor New York, New York Attention: Patrice Mitchell
If to the Issuer:	Austin Housing Finance Corporation 1000 E 11th Street Austin, TX 78702 Attention: Patrick Russell
If to the Borrower:	MHP City Heights, Ltd., c/o McDowell Housing Partners 601 Brickell Key Drive, Suite 700 Miami, FL 33131 Attention: Ana Padilla

16.2 This Purchase Contract will inure to the benefit of and be binding upon the parties hereto and their successors and assigns and, except as provided in Section 14 hereof will not confer any rights upon any other person. The terms "successor" and "assigns" will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

16.3 This Purchase Contract may not be assigned by any of the parties hereto prior to the Closing.

16.4 If any provision of this Purchase Contract is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

16.5 This Purchase Contract will be construed in accordance with and governed by the internal laws of the State, without regard to conflict of law principles of the State.

16.6 This Purchase Contract may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which will be regarded as an original and all of which will constitute one and the same document.

Section 17. Survival of Certain Representations and Obligations.

The respective agreements, covenants, representations, warranties and other statements of the Issuer and the Borrower and each of their respective officers set forth in or made pursuant to this Purchase Contract shall survive delivery of and payment for the Bonds and shall remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Underwriter.

If the foregoing is in accordance with your understanding, please sign and return to us two counterparts hereof and, upon the acceptance hereof by the Issuer and the Borrower, this Purchase Contract and such acceptance shall constitute the binding agreement among us as to the matters set forth above.

Very truly yours,

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, as Underwriter

By: _____

Patrice Mitchell
Vice President

[Signatures continue on following page]

[Issuer's signature page to Purchase Contract]

**AUSTIN HOUSING FINANCE
CORPORATION**, as Issuer

By: _____
Rosie Truelove
Treasurer

[Signatures continue on following page]

[Borrower's signature page to Purchase Contract]

[BORROWER SIGNATURE BLOCK]

EXHIBIT A

**DATED DATE, MATURITY, PRINCIPAL AMOUNT, INTEREST RATE
AND PURCHASE PRICE**

Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) Series 2021

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
April 1, 2021	_____ 1, 20__	\$21,500,000	____%	100%

EXHIBIT B

PROPOSED FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

April __, 2021

Wells Fargo Bank, National Association
New York, New York

\$21,500,000
Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) Series 2021

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to the Bond Purchase Agreement (the “Bond Purchase Agreement”), dated April __, 2021, among the Austin Housing Finance Corporation (the “Issuer”), the Underwriter named therein (the “Underwriter”) and MHP City Heights, Ltd., a Texas limited partnership (the “Borrower”), relating to the sale by the Issuer of the above-captioned bonds (the “Bonds”) which are being issued pursuant to a Trust Indenture (the “Indenture”), dated as of April 1, 2021, by and between the Issuer and Wells Fargo Bank, National Association, as trustee.

We have acted as Bond Counsel in connection with the issuance and sale of the Bonds, and in that capacity we have participated in various conferences with representatives of and counsel for the Underwriter, representatives of and counsel for the Borrower, and representatives of and counsel for the Issuer relating to the preparation of the Official Statement, dated April __, 2021 (the “Official Statement”). In addition, we have participated in the preparation of the Indenture. We have also examined the documents and other items referred to in our opinion of even date herewith relating to the Bonds.

Based on and subject to the foregoing, and in reliance thereon, we are of the opinion that:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.
2. The statements contained in the Official Statement (except as to any statistical and financial data included in the Official Statement and except for the information relating to The Depository Trust Company, its Participants and its book-entry only system, as to which we do not express an opinion) under the captions “DESCRIPTION OF THE BONDS,” “TAX MATTERS,” “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT” and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT,” insofar as such statements contained under such captions purport to summarize certain provisions of the Bonds, the Indenture, the Financing Agreement, the Regulatory Agreement, and certain aspects of our firm’s opinion relating to the federal and the State of Texas tax implications of certain aspects of the Bonds present an accurate summary of such matters.

3. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due execution and delivery by the other parties thereto, constitutes a valid, legal and binding special obligation of the Issuer enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights or contractual obligations generally and no opinion is being rendered as to the availability of any particular remedy thereunder.

This letter is furnished by us solely for your benefit and may not be relied upon by any other persons. This letter is not to be used, circulated, quoted, or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to be relied upon by the holders of the Bonds.

Very truly yours,

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE BORROWER

April __, 2021

Wells Fargo Bank, National Association
New York, New York

Austin Housing Finance Corporation
Austin, Texas

\$21,500,000
Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) Series 2021

Ladies and Gentlemen:

We have acted as counsel to MHP City Heights, Ltd., a Texas limited partnership (the “Borrower”), in connection with the issuance of the above-captioned bonds (the “Bonds”) by the Austin Housing Finance Corporation (the “Issuer”).

Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture or the Bond Purchase Agreement.

In our capacity as such counsel, in rendering the opinions set forth below, we have examined, among other things, originals or copies, certified or otherwise identified to our satisfaction, of the following documents: (i) the Official Statement, dated April __, 2021, of the Issuer relating to the Bonds (the “Official Statement”); (ii) the Tax Regulatory Agreement, by and among the Issuer, Wells Fargo Bank, National Association, as trustee (the “Trustee”) and the Borrower, dated as of April 1, 2021; (iii) the Financing Agreement, dated as of April 1, 2021, by and among the Issuer, the Trustee and the Borrower; (iv) the Bond Purchase Agreement, dated April __, 2021, among the Issuer, the Underwriter named therein and the Borrower (the “Bond Purchase Agreement”); (v) the Continuing Disclosure Agreement, dated as of April 1, 2021, between the Borrower and the Dissemination Agent named therein; (vi) the promissory note, dated the Closing Date, executed by the Borrower; (vii) the Tax Certificate and Agreement executed by the Issuer and the Borrower, dated the Closing Date; and (viii) such other documents, certificates and instruments as we have deemed necessary for the purposes of reaching the opinion expressed herein. We have also relied as to matters of fact upon a certificate of the Borrower and examined certain other certificates and documents.

In such examination, we have assumed the genuineness of all signatures (other than those relating to the Borrower), the authenticity of all documents submitted to us as originals, and the conformity to the original document of all documents submitted to us as photostatic or certified copies. We have assumed due authorization, execution and delivery of all documents referenced herein by the parties thereto other than the Borrower and that each of such parties has full power, authority and legal right to execute and deliver each such instrument.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof:

(i) The Borrower is (a) a limited partnership validly existing under the laws of the State of Texas (the “State”), (b) is in good standing and duly qualified to transact business in the State, and (c) has with full power and authority to execute and deliver the documents listed above numbered (ii) through (ix) (the “Financing Documents”) and the Official Statement and to perform its obligations under each respective agreement.

(ii) The Financing Documents have each been duly authorized, executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as the enforcement thereof may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization and similar laws (including fraudulent conveyance laws) affecting the enforcement of creditors’ rights and remedies generally in effect from time to time, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(iii) The execution and delivery of the Financing Documents and the performance by the Borrower of the terms of the respective agreements do not conflict with or violate any other document, instrument, decree, indenture or agreement by which the Borrower is bound.

(iv) No approval, authorization or other action by, or filing with, the State or any agency thereof, is required in connection with the execution and delivery by the Borrower of the Bond Purchase Agreement.

(v) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before any court or public body pending or, to the best of our knowledge, threatened, to challenge the right, power or authority of the Borrower to acquire, own and operate the Project or to perform its obligations under the Bond Purchase Agreement or the other Financing Documents.

(vi) The information in the Official Statement does not contain an untrue statement of fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading as of the date hereof.

We express no opinion as to any matter whatsoever, relating to the accuracy or completeness of any financial accounting or projection information furnished to any party, the accuracy or completeness of any representation made by our clients, the financial status of our clients, the ability of our clients to meet their obligations under any of the above-referenced agreements or any other related document.

Very truly yours,

EXHIBIT D

FORM OF BORROWER'S RULE 15c2-12 CERTIFICATE

\$21,500,000

**Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) Series 2021**

The undersigned hereby certifies and represents to Wells Fargo Bank, National Association (the "Underwriter") that the undersigned is authorized to execute and deliver this certificate on behalf of MHP City Heights, Ltd., a Texas limited partnership (the "Borrower"), and hereby further certifies to the Underwriter as follows:

(a) This certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the issuance and sale of the above captioned securities (the "Bonds").

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated April __, 2021, relating to the Austin Housing Finance Corporation Multifamily Tax-Exempt Mortgage-backed Bonds (City Heights Apartments) (M-TEBS) Series 2021 (the "Preliminary Official Statement") setting forth information concerning the Bonds and the Borrower.

(c) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the Underwriter(s), all with respect to the issuance and sale of the Bonds.

(d) The Preliminary Official Statement is, as of the date thereof, deemed final within the meaning of the Rule, except for Permitted Omissions.

(e) The section of the Preliminary Official Statement entitled "CONTINUING DISCLOSURE" describes the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement dated as of April 1, 2021, executed by the Borrower and Wells Fargo Bank, National Association, as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule.

Dated: April __, 2021

[Remainder of page intentionally left blank]

[Signature page to Rule 15c2-12 Certificate]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

[BORROWER SIGNATURE BLOCK]

EXHIBIT E

[RESERVED]

EXHIBIT F

FORM OF CERTIFICATE OF FANNIE MAE

\$21,500,000

**Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) Series 2021**

This Certificate, dated as of April __, 2021, is being furnished to the Austin Housing Finance Corporation (the “Issuer”) and Wells Fargo Bank, National Association, as underwriter (the “Underwriter”), pursuant to the terms of the Bond Purchase Agreement dated April __, 2021 (the “Bond Purchase Agreement”) among the Underwriter, the Issuer and MHP City Heights, Ltd., a Texas limited partnership, regarding the purchase by the Underwriter of the Austin Housing Finance Corporation Multifamily Tax-Exempt Mortgage-backed Bonds (City Heights Apartments) (M-TEBS) Series 2021 (the “Bonds”), issued by the Issuer. All terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Purchase Agreement.

The undersigned hereby certifies to the Issuer and the Underwriter that (A) Fannie Mae has provided the link which includes a template of the Fannie Mae MBS Prospectus (Multifamily Fixed Rate Yield Maintenance) set forth in the first paragraph under the caption “APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” in the Preliminary Official Statement and the Official Statement, (B) if the MBS had been issued by Fannie Mae on the date of this Certificate, the disclosure in the Additional Disclosure Addendum provided in connection with the MBS will be substantially the same in all material respects as the Additional Disclosure Addendum provided in Schedule I to Appendix A of the Official Statement, and (C) Fannie Mae has authorized the inclusion of such information in the Preliminary Official Statement and the Official Statement, for use in connection with the marketing of the Bonds.

FANNIE MAE

By: _____
Name:
Title:

FANNIE MAE CERTIFICATE (City Heights Project)

EXHIBIT G

FORM OF CERTIFICATE OF LENDER

\$21,500,000

**Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) Series 2021**

April __, 2021

The undersigned, Wells Fargo Bank, National Association, a national banking association (the “Lender”), in connection with the issuance, sale and delivery by the Austin Housing Finance Corporation (the “Issuer”) of its Multifamily Tax-Exempt Mortgage-backed Bonds (City Heights Apartments) (M-TEBS) Series 2021 in the aggregate principal amount of \$21,500,000 (the “Bonds”), does hereby certify as of the date hereof as follows:

1. Each MBS delivered to Wells Fargo Bank, National Association, as trustee (the “Trustee”) shall be issued by Fannie Mae and guaranteed, as to timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Mortgage Loan pertaining to such MBS, and guaranteed as to timely payment of principal in accordance with the terms of the principal amortization schedule of the Mortgage Loan.

2. The Trustee shall be furnished with (i) an MBS, registered in the name of the Trustee (or its nominee), as Trustee under the Indenture and (ii) any prospectus for the MBS.

3. The Lender has provided the information under the caption “APPENDIX H - TERM SHEET (underlying Fannie Mae Pool Statistics (as of Issue Date) and Multifamily Schedule of Loan Information)” in the Official Statement, that the information under such caption in the Official Statement is accurate as of the date of the Official Statement and as of the Closing Date, and that the Lender has authorized the inclusion of such information in the Official Statement for use in connection with the marketing of the Bonds.

All terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Purchase Agreement dated April __, 2021, among Wells Fargo Bank, National Association (the “Underwriter”), MHP City Heights, Ltd., a Texas limited partnership, and the Issuer.

[Signature page to Certificate of Lender]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, a national banking association

By: _____
Name:
Title:

EXHIBIT H

FORM OF ISSUE PRICE CERTIFICATE

\$21,500,000

**Austin Housing Finance Corporation
Multifamily Tax-Exempt Mortgage-backed Bonds
(City Heights Apartments)
(M-TEBS) Series 2021**

The undersigned, on behalf of Wells Fargo Bank, National Association (the “Underwriter”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Exhibit A attached to the Bond Purchase Agreement dated April __, 2021 between the Underwriter, MHP City Heights, Ltd., a Texas limited partnership (the “Borrower”), and Austin Housing Finance Corporation (the “Issuer”).

2. Defined Terms.

(a) “Issuer” means the Austin Housing Finance Corporation, a housing finance corporation duly organized and existing under the laws of the State of Texas.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Underwriter or a related party to the Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Underwriter” means (i) Wells Fargo Bank, National Association, (ii) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall Parkhurst & Horton LLP, Dallas, Texas, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form

8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

Dated: April __, 2021

[Underwriter's signature page to Issue Price Certificate]

Dated as of the date hereof.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, as Underwriter

By: _____
Patrice Mitchell
Vice President

Exhibit E

Official Statement Issuer Information

The Issuer is a public nonprofit corporation in accordance with the Act following adoption of an approving ordinance by the City of Austin, Texas (the Unit). The Issuer is authorized pursuant to the Act to (a) make loans to any person to provide financing for residential developments located within the Unit, as determined by the Issuer; (b) issue its revenue bonds for the purpose of obtaining money to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of or the interest on such bonds. The Issuer has no taxing power and receives no appropriations from the State or any other governmental body. The Issuer has not participated in the preparation of this Official Statement and, except for the information under the captions "THE ISSUER" and "ABSENCE OF LITIGATION — The Issuer," has not provided any of the information contained in this Official Statement.

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

The Issuer has no employees, presently carries on no operations other than the issuance of bonds and the lending of proceeds thereof and has no experience in the origination, servicing or administering of loans for multifamily housing. All administrative functions to be performed in connection with the Bonds and the Project are contracted to be performed by the various other parties to the Indenture and the Loan Agreement. The Issuer will not have any involvement in the management or operation of the Project, which will be the sole responsibility of the Borrower.

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