



24           **WHEREAS**, the Borrower also proposed to the Issuer that the Borrower  
25 will be further induced to proceed with the Development if the Issuer will commit  
26 and agree to issue the Bonds and adopt this Resolution; and

27           **WHEREAS**, all or a portion of the expenditures related to the Development  
28 (Expenditures) were paid within 60 days prior to the passage of this Resolution or  
29 will be paid on or after the passage of this Resolution; and

30           **WHEREAS**, the Issuer reasonably expects (based upon information  
31 supplied by the Borrower, upon which it is reasonable and prudent for the Issuer to  
32 rely) to reimburse the Borrower or persons acting on its behalf for the Expenditures  
33 with the proceeds of the Bonds; and

34           **WHEREAS**, the Issuer declares that this Resolution and its provisions  
35 constitute the Issuer's agreement to issue the revenue bonds in such aggregate  
36 principal amount, now estimated not to exceed \$33,000,000, as is actually required  
37 to finance and pay for the Development; and

38           **WHEREAS**, the Issuer finds, considers, and declares that the issuance of  
39 the Bonds in the amount identified above and for the purpose identified above is  
40 appropriate and consistent with the objectives of the Act, and that the adoption of  
41 this Resolution constitutes: (i) an inducement for the Borrower to proceed with  
42 providing for the acquisition, construction, and/or improvement of the  
43 Development; (ii) an affirmative official action by the Issuer, acting by and  
44 through its Board of Directors, towards the issuance of the Bonds, and that such  
45 action is similar to the adoption of a bond resolution/within the meaning of Section  
46 1.103-8(a)(5) of the Federal Treasury Regulations; and (iii) in accordance with the  
47 provisions of Section 1.150-2 of the Federal Treasury Regulations, a declaration of  
48 the Issuer's intent, to reimburse the Expenditures for the Development at such time  
49 as the Bonds are issued; **NOW, THEREFORE**,

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

Section 1. The Issuer agrees as follows:

(a) To adopt a bond resolution or bond resolutions prepared by its Bond Counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, when requested by the Borrower to authorize the issuance of Bonds, pursuant to the Act; to issue the Bonds, subject to the requirements of the Act; and to execute the appropriate agreements or contracts described in (b), below; and to sell the Bonds under terms and conditions satisfactory to the Issuer and the Borrower; to finance and pay for the Development, including amounts sufficient to pay the fees, expenses, and costs in connection with such issuance, to reimburse the Issuer for its administrative and overhead expenses and costs with respect to the Bonds and the Development, with the Bonds to be payable from payments by the Borrower to the Issuer and/or to a corporate trustee in such sums as are necessary to pay the principal of, interest on, and redemption premium, if any, together with the paying agents' and trustee's fees on, the Bonds, as and when the same becomes due and payable.

(b) Prior to the issuance of the Bonds, when requested by the Borrower, to enter into such loan agreement, installment sale agreement, lease, and/or any other appropriate contracts or agreements between the Issuer and the Borrower as are mutually acceptable in all respects to the Issuer and the Borrower, under which the Borrower will be obligated to make payments to the Issuer and/or to a corporate trustee in such sums as are necessary to pay the principal of, interest on, and redemption premium, if any, together with the paying agents' and trustee's fees on, the Bonds, as and when the

77 same becomes due and payable, and with such payments also to be  
78 sufficient to defray the Issuer's administrative, overhead, and other  
79 expenses and costs with respect to the Bonds and the Development.

80 (c) To take, or cause to be taken, such other action, and to execute such  
81 additional contracts and agreements mutually agreeable to the parties in  
82 all respects, when requested by the Borrower as may be required in  
83 accordance with the Act and this Resolution to cause the issuance of the  
84 Bonds and to obtain an allocation of state volume cap for the Bonds.

85 (d) This Resolution is effective in perpetuity with respect to applying for  
86 volume cap to the Texas Bond Review Board.

87 Section 2. Subject to the provisions of Section 3 of this Resolution, by accepting this  
88 Resolution and proceeding with the Development, the Borrower agrees that it will:

89 (i) fully indemnify and hold the Issuer harmless from any and all damages, losses,  
90 and reasonable expenses, including attorneys' fees, arising at any time from or with  
91 respect to the Bonds and the Development (except those resulting from gross  
92 negligence or willful misconduct of the Issuer); and (ii) pay or reimburse the Issuer  
93 for all reasonable and necessary out-of-pocket expenses, including attorneys' fees  
94 and expenses and the fees and expenses of other consultants, which the Issuer may  
95 incur at the request of the Borrower arising from the performance or attempted  
96 performance by the Issuer of its obligations hereunder.

97 Section 3. Nothing contained in this Inducement Resolution binds the Issuer to issue  
98 any bonds. The Issuer has the authority, without cause, not to issue the bonds.

99 Section 4. Subject to the provisions of Section 3 of this Resolution, adopting this  
100 Resolution constitutes the acceptance of the Borrower's proposal that it be further  
101 induced to proceed with providing for the Development, and that this proposal and

