

EXHIBIT B

FINANCING AGREEMENT

by and between

AUSTIN HOUSING FINANCE CORPORATION,
as Issuer

and

5900 PLEASANT VALLEY, LP,
as Borrower

Dated as of September 1, 2025

Relating to

[\$14,800,000]
Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Sycamores at Pleasant Valley), Series 2025

The interests of the Issuer in this Agreement, excluding any unassigned rights specifically retained by Issuer, have been assigned to Zions Bancorporation, National Association, as Trustee (the “*Trustee*”) pursuant to a Trust Indenture dated as of September 1, 2025, between the Issuer and the Trustee.

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SCHEDULE A — Legal Description of Development

EXHIBIT A — Form of Completion Certificate

FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this “*Agreement*” or this “*Financing Agreement*”) is made as of September 1, 2025, to be effective as of the date of delivery of the Financing Agreement, by and between AUSTIN HOUSING FINANCE CORPORATION, a Texas public, nonprofit housing finance corporation (the “*Issuer*”), and 5900 PLEASANT VALLEY, LP, a Texas Limited Partnership (the “*Borrower*”).

WITNESSETH:

WHEREAS, the Issuer was created and organized and is validly existing under the Constitution and laws of the State of Texas (the “*State*”), including the Texas Housing Finance Corporations Act, Chapter 394 of the Local Government Code, as amended (the “*Act*”); and

WHEREAS, pursuant to the Act, the Issuer is authorized to issue revenue bonds and use the proceeds from the sale of such bonds to make loans for the acquisition, construction and equipping of multifamily residential rental developments; and

WHEREAS, pursuant to a Trust Indenture (the “*Indenture*”) executed as of even date herewith, between the Issuer and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as trustee (“*Trustee*”), the Issuer has, among other things, issued its Multifamily Housing Revenue Bonds (Sycamores at Pleasant Valley), Series 2025, in the original principal amount of \$[14,800,000] (the “*Bonds*”) for the purposes of making a loan to finance a portion of the acquisition, construction and equipping of Sycamores at Pleasant Valley, a 75-unit affordable residential rental apartment complex (hereafter defined as the “*Development*”) to be located at 5901 South Pleasant Valley, Austin, Texas 78744, which is more particularly described in *Schedule A* (the “*Land*”); and

WHEREAS, the Issuer deems it desirable and in keeping with its purpose to issue the Bonds and loan the proceeds thereof (the “*Bond Loan*”) to the Borrower for the purposes described above under the terms and conditions contained in this Agreement; and

WHEREAS, pursuant to the terms and provisions of a Bond Purchase and Funding Agreement dated September 1, 2025 (the “*Bond Purchase and Funding Agreement*”), among the Issuer, the Borrower, Zions Bancorporation, N.A. dba Amegy Bank, a national banking association, as Bond Owner, Bond Owner agreed to purchase the Bonds and agreed to administer the Bond Loan for and on behalf of the Trustee, all as provided herein; and

WHEREAS, to evidence the Bond Loan, the Borrower is making to the order of Issuer a Promissory Note in the principal sum of \$[14,800,000.00] (the “*Bond Loan Note*”) substantially in the form attached to the Bond Purchase and Funding Agreement as *Exhibit A*, which Note provides for the repayment of the Bond Loan in payments sufficient to pay, when due, the principal of, premium, if any, and interest on the Bonds, and to secure, among other things, the payments due under the Bond Loan Note and the other obligations of Borrower under this Agreement, and the Borrower is executing a Multifamily Construction and Permanent Leasehold Deed of Trust,

Assignment of Rents, Security Agreement and Fixture Filing (the “*Bond Mortgage*”) naming the Issuer as beneficiary (the beneficial interest in which is being assigned by the Issuer to the Trustee) with respect to the Development; and

WHEREAS, the Bond Loan consists of a construction loan (the “*Construction Loan*”) in the principal amount not to exceed \$[14,800,000.00] and which, subject to the terms of the Bond Purchase and Funding Agreement, will convert on the Conversion Date to a permanent loan (the “*Permanent Loan*”) in an amount not to exceed an aggregate amount of \$[_____]; and

WHEREAS, AHFC Pleasant Valley Non-Profit Corporation, a Texas nonprofit corporation (the “*General Partner*”), 5900 SPV ALP, LLC, a Texas limited liability company (the “*Administrative Limited Partner*”), Red Stone Equity Manager, LLC, a Delaware limited liability company (together with its successors and assigns, the “*Special Limited Partner*”), and RSEP Holding, LLC, a Delaware limited liability company (together with its successors and assigns, the “*Investor Limited Partner*”) entered into that certain Amended and Restated Agreement of Limited Partnership dated as of September 1, 2025, as may be amended in accordance with the terms of this Agreement (as the same may be amended from time to time, the “*Partnership Agreement*”), pursuant to which the Investor Limited Partner and the Special Limited Partner have been admitted as limited partners and the Investor Limited Partner has agreed to make capital contributions to the Borrower upon the satisfaction of certain conditions set forth therein; and

WHEREAS, the execution and delivery of this Agreement and the issuance of the Bonds have been in all respects duly and validly authorized by the Issuer; and

WHEREAS, the execution and delivery of this Agreement by the Bond Owner confirms that all the conditions for the closing of the Bond Loan set forth in the Bond Purchase and Funding Agreement have been met or waived for purposes of the purchase of the Bonds; and

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

ARTICLE 1.

DEFINITIONS, EXHIBITS AND RULES OF INTERPRETATION

Section 1.1. Definitions. In this Agreement, all capitalized terms used herein and not defined shall have the meaning ascribed thereto in Section 1.1 of the Indenture or in Section 1.1 of the Bond Purchase and Funding Agreement (whether or not specific reference is made to that term in Section 1.2 below).

Section 1.2. Additional Definitions. In addition to the other terms defined elsewhere in this Agreement, the following terms shall have the meanings assigned to them:

“*Additional Charges*” has the meaning assigned to that term in Section 4.3.

“Amortization Period Commencement Date” has the meaning assigned to that term in the Bond Purchase and Funding Agreement.

“Basic Payments” has the meaning assigned to that term in Section 4.2.

“Bond Closing Date” has the meaning assigned to that term in the Bond Purchase and Funding Agreement.

“Bond Counsel” has the meaning assigned to that term in the Indenture.

“Bond Documents” means the Indenture, the Bonds, this Agreement, the Bond Loan Note, the Bond Regulatory Agreement, Tax Exemption Agreement and the Bond Mortgage.

“Bond Loan” has the meaning provided in the Recitals of this Agreement.

“Bond Loan Documents” has the meaning assigned to that term in the Bond Purchase and Funding Agreement.

“Bond Mortgage” has the meaning assigned to that term in the Recitals.

“Bond Owner” has the meaning assigned to that term in the fifth paragraph on page 1.

“Bond Regulatory Agreement” has the meaning assigned to that term in the Indenture.

“Business Day” shall mean any day other than (i) a Saturday or a Sunday, or (ii) a day on which federally insured depository institutions in New York, New York or the jurisdiction in which the Bond Owner’s designated offices are located, are authorized or obligated by law, regulation, governmental decree or executive order to be closed, or (iii) any other day which is not a Business Day under and for purposes of the Indenture.

“Code” means the Internal Revenue Code of 1986, as amended; all references to a particular section of the Code include (a) rulings of the Internal Revenue Service applicable to such sections and (b) final, proposed and temporary regulations issued under the Code with respect to such sections.

“Condemnation” shall have the meaning assigned to that term in the Indenture.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person whether through the ability to exercise voting power, by contract or otherwise. *“Controlling”* and *“Controlled”* shall have meanings correlative thereto.

“Conversion Date” shall have the meaning assigned to that term in the Bond Purchase and Financing Agreement.

“Costs of Issuance” shall have the meaning assigned to that term in the Indenture.

“Default” means any event which, with the giving of notice or the passage of time, or both, would be an Event of Default.

“Default Rate” has the meaning assigned to that term in the Bond Purchase and Funding Agreement.

“Development” or “Project” has the meaning assigned to that term in the Regulatory and Land Use Restriction Agreement (but in any event, including the Improvements and the Borrower’s interest in the Land).

“Development Fund” shall have the meaning assigned to that term in the Indenture.

“Electronic Means” means facsimile transmission, email transmission, or other similar means of communication capable of being evidenced by a paper copy.

“Event of Default” has the meaning given to that term in Section 7.1.

“Event of Taxability” has the meaning given to that term in the Indenture.

“Fifty Percent Test” means the 50% aggregate basis test under Section 42(h)(4)(B) of the Code.

“Funds” shall have the meaning assigned to that term in the Indenture.

“GAAP” means the generally accepted accounting principles established by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants and in effect in the United States from time to time, applied on a basis consistent with that of the preceding fiscal year of Borrower, reflecting only such changes in accounting principles or practice with which the independent public accountants of Borrower concur.

“Governmental Authority” has the meaning given to that term in the Bond Purchase and Funding Agreement.

“Holder” has the meaning assigned to that term in the Indenture (including the Bond Owner and each other owner of the Bonds).

“Improvements” has the meaning given to that term in the Bond Purchase and Funding Agreement.

“Indemnified Parties” has the meaning assigned to that term in Section 5.2.

“Indenture” has the meaning provided in the Recitals of this Agreement.

“Interest” has the meaning assigned to that term in Section 8.25.

“Investor Limited Partner” has the meaning given to that term in the Recitals hereof.

“Issuer Fees” has the meaning assigned to that term in the Indenture.

“Land” has the meaning assigned to that term in the Recitals.

“Lease Stabilization” has the meaning assigned to that term in the Bond Purchase and Funding Agreement.

“Liabilities” has the meaning assigned to that term in Section 5.2.

“Material Adverse Change or Effect” means any act, circumstance, or event (including, without limitation, any announcement of action) which (i) causes an Event of Default, (ii) is material and adverse to the financial condition or operations of Borrower or the Development, or (iii) materially and adversely affect the validity or enforceability of any Bond Loan Document.

“Mortgaged Property” shall have the meaning assigned to that term in the Bond Mortgage.

“Nonpurpose Investment” has the meaning of any investment property (as defined in Section 148(b) of the Code) that is acquired with the gross proceeds of the Bonds and which is not acquired to carry out the governmental purpose of the Bonds.

“Ordinary Fees and Expenses” has the meaning assigned to that term in the Indenture.

“Outstanding Bond” or *“Bond Outstanding”* shall have the meaning assigned to those terms in the Indenture.

“Partnership Agreement” shall have the meaning ascribed to the same in the Recitals of this Agreement.

“Payment Date” has the meaning assigned to that term in Section 4.2(b).

“Permanent Term” has the meaning assigned to that term in the Bond Purchase and Funding Agreement.

“Person” has the meaning assigned to that term in the Bond Purchase and Funding Agreement.

“Qualified Development Period” has the meaning assigned to that term in the Bond Regulatory Agreement.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations and includes for any given period, the amount determined by the Rebate Analyst as required to be

rebated or paid as a yield reduction payment to the United States of America with respect to the Bonds.

“*Rebate Fund*” has the meaning assigned to that term in the Indenture.

“*Recovery Proceeds*” has the meaning assigned to that term in the Indenture.

“*Regulations*” has the meaning assigned to that term in the Indenture.

“*Regulatory Agreements*” has the meaning assigned to that term in the Bond Purchase and Funding Agreement.

“*Replacement Reserve Account*” shall have the meaning assigned to that term in the Bond Purchase and Funding Agreement.

“*Requirements of Law*” has the meaning assigned to Applicable Laws in the Bond Purchase and Funding Agreement.

“*Requisition*” means a request for the disbursement of funds in the Development Fund in accordance with Section 6.2(3) of the Indenture on the form attached as Exhibit A to the Indenture (and in any event shall be the same as the requisitions used in the Indenture).

“*State*” means the State of Texas.

“*Tax Exemption Agreement*” has the meaning assigned to that term in the Indenture.

“*Title Insurance Policy*” has the meaning assigned to that term in the Bond Purchase and Funding Agreement.

“*Unassigned Issuer’s Rights*” has the meaning assigned to that term in the Indenture.

Section 1.3. Schedules and Exhibits. The following Schedules and Exhibits are attached to and by reference made a part of this Agreement:

- (1) *Schedule A: Legal Description of Development*
- (2) *Exhibit A: Form of Completion Certificate*

Section 1.4. Rules of Interpretation. (1) This Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State, except as they may be preempted by federal rules, regulations, and laws. The Issuer and the Borrower expressly acknowledge and agree that any judicial action to enforce any rights of the issuer under this Agreement and the other Bond Loan Documents shall be brought and maintained in the District Court for the City of Houston, Texas, or in the United States District Court for the Southern District

of Texas or in any United States Bankruptcy Court in any case involving or having jurisdiction over the Borrower or over the Development.

(2) any particular section or subdivision, refer to this Agreement as a whole rather than to any particular section, or subdivision of this Agreement.

(3) References in this Agreement to any particular article, section, or subdivision hereof are to the designated article, section or subdivision of this Agreement as originally executed.

(4) All accounting terms not specifically defined herein shall be construed in accordance with GAAP consistent with such principles. In the event that changes in GAAP shall be mandated by the Financial Accounting Standards Board and/or the American Institute of Certified Public Accountants or any similar accounting body of comparable standing, or shall be recommended by Borrower's certified public accountants, to the extent that such changes would modify such accounting terms or the interpretation or computation thereof as contemplated by this Agreement at the time of execution hereof, then in such event, such changes shall be followed in defining such accounting terms only after Bond Owner and Borrower amend this Agreement to reflect the original intent of such terms in light of such changes, and such terms shall continue to be applied and interpreted without such change until such agreement.

(5) The Table of Contents and titles of articles and sections herein are for convenience of reference only and are not a part of this Agreement, and shall not define or limit the provisions hereof.

(6) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine gender and the neuter state and vice versa.

(7) Articles, sections, subsections, and clauses mentioned by number only are those so numbered which are contained in this Agreement.

(8) Any opinion of counsel required hereunder shall be a written opinion of such counsel on a form acceptable to Bond Owner.

(9) References to the Bonds as "tax exempt" or to the "tax exempt status of the Bonds" are to the excludability of interest on the Bonds from gross income for federal income tax purposes pursuant to section 103(a) of the Code (other than Bond held by a "substantial user" of the Development or a "related person" within the meaning of section 147(a) of the Code).

(10) Every "request," "order," "demand," "direction," "application," "appointment," "notice," "statement," "certificate," "consent," or similar action under this Agreement by any party shall, unless the form of such instrument is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature.

(11) The parties hereto acknowledge that each such party and its respective counsel have participated in the drafting and revisions of this Financing Agreement and the Indenture. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply to the interpretation of this Financing Agreement and the Indenture.

(12) All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. Without limiting the foregoing, references in this Agreement and the other Bond Loan Documents to particular sections of the Act, ADA, the Uniform Commercial Code, or any other legislation, rule, or regulation shall be deemed to refer also to any successor sections thereto or other re-designation for codification purposes. All references to any instruments or agreements, including, without limitation, references to any of the Bond Loan Documents, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof. Knowledge, for purposes of this Agreement (and the other Bond Loan Documents), shall mean actual and constructive knowledge. Current, for purposes of this Agreement and the other Bond Loan Documents, shall mean within thirty (30) days from the applicable date. The term, “or” when used in this Agreement and the other Bond Loan Documents in a sequence shall mean “and/or”.

ARTICLE 2.

REPRESENTATIONS OF ISSUER AND BORROWER

Section 2.1. Representations of the Issuer. The Issuer makes the following representations and warranties as the basis for its covenants herein:

(1) The Issuer is organized and existing as a public nonprofit housing finance corporation and is authorized to issue the Bonds to finance a portion of the acquisition, construction and equipping of the Development pursuant to the Act.

(2) The Issuer has lawful power and authority under the Act to enter into this Agreement, the Bond Regulatory Agreement, the Bond Purchase and Funding Agreement, and the Indenture and to carry out its obligations hereunder and under the Bond Regulatory Agreement and the Indenture. By proper action of its governing body, the Issuer has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers. The Indenture, the Bond Purchase and Funding Agreement, the Bond Regulatory Agreement, and this Agreement have been duly executed by the Issuer and each constitutes a valid, legal, binding and enforceable obligation of the Issuer (subject to bankruptcy, insolvency, or other laws affecting creditors’ rights generally and to the application of principles of equity generally) without offset, defense, or counterclaim. The execution, delivery, and performance of the Indenture, the Bond Regulatory Agreement, the Bond Purchase and Funding Agreement, and this Agreement by the Issuer will not violate any law, regulation, order, or decree of any governmental authority regulating the Issuer and all consents, approvals, authorizations, orders, or filings of or with any court or governmental agency or body, if any, required for the execution, delivery, and performance of such documents by the Issuer have been obtained or made.

(3) The Issuer has no actual knowledge of any pending action, suit, or proceeding, arbitration, or governmental investigation against the Issuer, an adverse outcome of which will materially affect performance under the Indenture and this Agreement by the Issuer.

(4) Financing the Bond Loan to the Borrower with the proceeds received by the Issuer from the sale of the Bonds for the purposes herein specified will further the public purposes of the Issuer under the Act.

(5) To finance the costs of the Development, the Issuer proposes to issue the Bonds in the aggregate principal amount of \$[14,800,000.00]. The Bonds will bear interest and be scheduled to mature and will be subject to redemption prior to maturity in accordance with the provisions of the Indenture. The Bonds are to be issued under and secured by the Indenture, pursuant to which the payments, revenues, and receipts derived by the Issuer pursuant to this Agreement, other than the Unassigned Issuer's Rights, will be pledged and assigned to the Trustee, for the benefit of Bond Owner as security for payment of the principal of, premium, if any, and interest on the Bonds.

(6) Under the provisions of the Indenture, the Issuer's interest in this Agreement and certain payments due hereunder (other than the Unassigned Issuer's Rights) is pledged and assigned to the Trustee, for the benefit of Bond Owner as security for the payment of the principal of, interest on, and premium, if any, on the Bonds and the Issuer will not otherwise or further assign such interest in this Agreement and Issuer acknowledges the Bond Owner will service and administer the Bond Loan.

(7) To the extent within its reasonable control, the Issuer will not knowingly engage in any activity which might adversely affect the federal tax status of the Bonds.

(8) The execution, delivery, and performance of the Indenture and this Agreement by the Issuer will not cause or constitute a default under or conflict with its organizational documents or other agreements to which it is a party or otherwise materially adversely affect performance of the duties of the Issuer under such organizational documents or other agreements.

(9) The Issuer makes no representation as to the financial position or business condition of the Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations, or certifications furnished or to be made and furnished by the Borrower in connection with the sale of the Bonds, or as to the correctness, completeness, or accuracy of such statements.

(10) THE ISSUER MAKES NO WARRANTY, EXPRESS, OR IMPLIED, WITH RESPECT TO THE DEVELOPMENT OR ANY PORTION THEREOF, INCLUDING WITHOUT LIMITATION, THE HABITABILITY THEREOF, THE MERCHANTABILITY OR FITNESS THEREOF FOR ANY PARTICULAR PURPOSES; THE DESIGN OR CONDITION THEREOF; THE WORKMANSHIP, QUALITY, OR

CAPACITY THEREOF; LATENT DEFECTS THEREIN; THE VALUE THEREOF; FUTURE PERFORMANCE OR THE COMPLIANCE THEREOF WITH ANY REQUIREMENTS OF LAW.

(11) THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT THE PROCEEDS OF THE BONDS WILL BE SUFFICIENT TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE DEVELOPMENT OR THAT THE DEVELOPMENT WILL BE ADEQUATE OR SUFFICIENT FOR THE BORROWER'S INTENDED PURPOSES.

(12) The Issuer hereby determines that the maximum amount constituting moderate income pursuant to Section 394.004 of the Act shall be an amount equal to [one hundred forty (140%)] of the Median Family Income (the "*Maximum Household Income Limit*"), which limit shall be automatically adjusted to reflect changes in the Median Family Income. For purposes of this Agreement, "*Median Family Income*" means the median gross income for the area in which the Development is located, as published from time to time by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended, or as otherwise determined pursuant to said section.

Section 2.2. Representations and Covenants of the Borrower. The Borrower makes the following representations and warranties as the basis for its covenants herein:

(1) The Borrower is a limited partnership duly formed and existing under the laws of the State, and is duly authorized to conduct its business in the State and all other states where its activities require such authorization, has power to enter into this Agreement and the other Bond Loan Documents to which the Borrower is a party and to use the Development for the purposes set forth in this Agreement, and by proper limited partnership action has authorized the execution and delivery of this Agreement and the other Bond Loan Documents to which the Borrower is a party, and has approved the Indenture.

(2) This Agreement and the other Bond Loan Documents to which the Borrower is a party have been duly executed and delivered by the Borrower; such documents constitute valid, legal, binding, and enforceable obligations of the Borrower (subject to bankruptcy, insolvency, or other laws affecting creditors' rights generally and to application of principles of equity generally), without offset, defense, or counterclaim; the execution, delivery, and performance of such documents by the Borrower will not violate any law, regulation, order, or decree of any Governmental Authority; and all consents, approvals, authorizations, orders, or filings of or with any court or governmental agency or body, if any, required for the execution, delivery, and performance of such documents by the Borrower have been obtained or made, except as indicated in Paragraph (4) below.

(3) The Borrower has no material financial obligation under any indenture, mortgage, deed of trust, financing agreement or other agreement or instrument to which

the Borrower is a party or by which the Borrower or the Development are otherwise bound, other than (a) obligations under this Agreement and the other Bond Loan Documents to which the Borrower is a party; (b) obligations permitted by and specifically described in the Partnership Agreement as it exists as of the date of this Agreement or as it may be amended from time to time, with the consent of the Bond Owner to the extent such consent is required under the Bond Loan Documents; and (c) obligations incurred by Borrower from time to time in the ordinary course of business.

(4) The execution and delivery of this Agreement and the other Bond Loan Documents to which the Borrower is a party, the consummation of the transactions contemplated thereby, and the fulfillment of the terms and conditions thereof do not and will not conflict with or result in a breach of any of the terms or conditions of the Partnership Agreement, or any restriction, any agreement or any instrument to which the Borrower is now a party or by which it is bound or to which any property of the Borrower is subject, and do not and will not constitute a default under any of the foregoing, or, to the best of the Borrower's knowledge, cause the Borrower to be in violation of any order, decree, statute, rule, or regulation of any court or any state or federal regulatory body having jurisdiction over the Borrower or the Development and do not and will not result in the creation or imposition of any lien, charge, or encumbrance of any nature upon any of the property or assets of the Borrower contrary to the terms of any instrument or agreement to which the Borrower is a party or by which it is bound. The Borrower and General Partner have complied with any and all laws and regulations concerning their organization, existence, and the transaction of their business, and each is in good standing in each state in which it conducts its business. The Borrower has the right and power to own the Development and to develop the Development and Development as contemplated in the Bond Loan Documents.

(5) The Borrower is familiar with, and has complied in all material respects with, all of the Requirements of Law (including obtaining Environmental Clearance), as well as all other applicable laws, regulations, and ordinances. The Development and the actual use and intended use thereof by the Borrower comply in all material respects with the Requirements of Law. The Borrower has received no notices of violations of any Requirement, except violations that have been corrected. There are no claims, actions, proceedings, or investigations pending, or to Borrower's knowledge, threatened against the Borrower or affecting the Development except for those previously disclosed by the Borrower to the Bond Owner and the Issuer, in writing. The Borrower has properly obtained or will when necessary for purposes of this Agreement obtain, all permits, licenses and approvals necessary to construct, occupy, operate, market, and lease or sell the Development in accordance with all Requirements of Law, and, upon request, the Borrower will deliver true and correct copies of them to Bond Owner. To Borrower's knowledge no provision or obligation of the Borrower contained in any of the Bond Loan Documents violates any of the Requirements of Law, any other applicable law, regulation, or ordinance or any order or ruling of any court or governmental entity. To Borrower's knowledge no such provision or obligation conflicts with, or constitutes a breach or default under, any agreement binding or regulating the Development.

(6) No obligations have been or are expected to be issued under the Indenture or otherwise for purposes of section 103 of the Code that were or will be (i) for sale at substantially the same time as the Bonds, (ii) for sale pursuant to the same plan of financing as the Bonds and (iii) payable from the same source of funds as the Bonds, or which are otherwise treated as the same “issue” of obligations as the Bonds under Section 1.150-1(c) of the Regulations.

(7) The Borrower is not in the trade or business of selling properties such as the Development and has acquired the Development for investment purposes only or otherwise for use by the Borrower in its trade or business, and therefore the Borrower has no present intention to voluntarily sell, surrender, or otherwise transfer, in whole or part, its interest in the Development.

(8) To the actual knowledge of Borrower, there are no filed actions, suits, proceedings, or inquiries or investigations at law or in equity pending or, to the actual knowledge of the Borrower, threatened against the Borrower or any property of the Borrower in any court or before any federal, state, municipal, or other governmental agency, which, (i) if decided adversely to the Borrower, would have a Material Adverse Change on the Borrower or on the business or properties of the Borrower or upon its power, authority and right to enter into this Agreement and the other Bond Loan Documents to which the Borrower is a party, (ii) affects or seeks to prohibit, restrain, or enjoin the issuance, sale, or delivery of the Bonds or the loaning of the proceeds of the Bonds to the Borrower or the execution and delivery of the Bond Loan Documents, (iii) affects or questions the validity or enforceability of the Bond Loan Documents, (iv) questions the excludability from gross income for federal income tax purposes of interest on the Bonds, or (v) questions the power or authority or would have a Material Adverse Change on the Borrower's ability to carry out the transactions contemplated by, or to perform its obligations under, the Bond Loan Documents. To the actual knowledge of Borrower, it is not in default with respect to any order of any court or governmental agency.

(9) The Borrower has filed all federal and state income tax returns, if any, which, to the knowledge of the Borrower, are required to be filed and has paid all taxes shown on said returns and all assessments and governmental charges received by it to the extent that they have become due. The Borrower knows of no basis for any additional assessment of federal or state income taxes against it.

(10) The Borrower has reviewed the provisions of the Indenture and by execution of this Agreement hereby approves the same.

(11) To the best of the Borrower's knowledge, except through positions held by virtue of employment by the Issuer, no member of the governing body of the Issuer or any other officer of the Issuer has any significant or conflicting interest, financial, employment, or otherwise, in the Borrower, the Development, or the transactions contemplated hereby. It is acknowledged that an affiliate of the Issuer is the sole member of the General Partner,

and that an affiliate of the Issuer is the owner of the fee simple interest in the Land being leased to the Borrower.

(12) The covenants, representations, and warranties of the Borrower in the Bond Regulatory Agreement and the Tax Exemption Agreement are true and correct in all material respects and are incorporated herein by reference and made a part of this Agreement.

(13) The Borrower has not entered into the transaction evidenced hereby with the actual intent to hinder, delay, or defraud any creditor and the Borrower has received reasonably equivalent value in exchange for its obligations hereunder and under the Bond Mortgage and the Regulatory Agreements.

(14) [The Borrower has no contingent liabilities.]

(15) The Borrower has no material financial obligation under any indenture, mortgage, deed of trust, financing agreement or other agreement or instrument to which the Borrower is a party or by which the Borrower or the Development are otherwise bound, other than (a) obligations under this Agreement and the other Bond Loan Documents to which the Borrower is a party; (b) obligations permitted by and specifically described in the Partnership Agreement as it exists as of the date of this Agreement or as it may be amended from time to time, with the consent of the Bond Owner to the extent such consent is required under the Bond Loan Documents; (c) the Subordinate Loans (to the extent made subordinate to the Notes or the Bond Mortgage in a manner reasonably acceptable to the Bond Owner); and (d) obligations incurred by Borrower from time to time in the ordinary course of business.

(16) The Borrower is not (a) an “investment company” or a company “controlled by an investment company” within the meaning of the Investment Company Act of 1940, as amended; or (b) 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 2005, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict its ability to borrow money.

(17) Except as disclosed in the Title Insurance Policy, there are no pending or, to the knowledge of the Borrower, proposed special or other assessments for public improvements affecting the Development, nor, to the knowledge of the Borrower, are there any contemplated improvements to the Development that may result in such special or other assessments.

(18) No statement of fact made herein or in the Bond Loan Documents to which the Borrower is a party made by the Borrower contains any untrue statement of a material fact or omits to state any material fact necessary to make statements made herein or therein by the Borrower not misleading. There is no fact actually known to the Borrower which

has not been disclosed to the Issuer and the Bond Owner which would have a Material Adverse Change.

(19) All financial information which has been and will be prepared and delivered by or on behalf of the Borrower to the Issuer or the Bond Owner, including all information relating to the financial condition of the Borrower or any of its partners and the Development, does and will fairly and accurately represent (or, in the case of materials prepared by Persons other than the Borrower, the General Partner, the Administrative Limited Partner, or the Special Limited Partner or their respective agents or employees, to the best of the Borrower's knowledge does and will fairly and accurately represent) the financial condition or results of operations being reported on. All such information prepared by or on behalf of the Borrower was and will be prepared in accordance with generally accepted accounting principles, consistently applied, unless otherwise noted. As of the date hereof, there has been no Material Adverse Change or Effect in any financial condition reported at any time to the Issuer or the Bond Owner.

(20) All reports, documents, instruments, information, and forms of evidence delivered by or on behalf of the Borrower to the Bond Owner or the Issuer concerning the Bond Loan or required by the Bond Loan Documents are (or, in the case of materials prepared by Persons other than the Borrower, the General Partner, the Administrative Limited Partner, or the Special Limited Partner or their respective agents or employees, are to the best of the Borrower's knowledge) accurate, correct, and sufficiently complete to give the Issuer and the Bond Owner true and accurate knowledge of their subject matter.

(21) All utility services, including gas (if any), water, sewage, electrical, and telephone, necessary to develop and occupy the Development are available at or within the boundaries of the Development. In the alternative, the Borrower has taken all steps necessary to assure that all utility services will be available upon Substantial Completion of the Development.

(22) The Borrower is not a "foreign person" within the meaning of section 1445(f)(3) of the Code.

(23) The Borrower will hold and dispose of all tenant security deposits relating to the Development in accordance with State law.

(24) The Borrower shall not discriminate on the basis of race, creed, color, sex, age, or national origin in the lease, use, or occupancy of the Development or in connection with the employment or application for employment of Persons for the operation and management of the Development and shall not deny admission to any person exclusively on the basis of rent assistance payments under a local, state, federal, or other housing assistance program.

(25) The Borrower shall comply with all requirements of the Act and any and all lawful rules, policies, and applicable regulations of the Issuer (or its sponsoring entity) adopted pursuant to the Act.

(26) All Borrower's tenant lists, applications, and waiting lists relating to the Development shall at all times be kept separate and identifiable from any other business of the Borrower that is unrelated to the Development and shall be maintained in a reasonable condition for proper audit and be subject to examination during business hours by representatives of the Issuer or the Trustee.

(27) The Borrower agrees to maintain and operate the Development in a manner that provides decent, safe, and sanitary housing.

(28) From time to time the Issuer may direct the Borrower to file such additional reports as the Issuer reasonably determines to be necessary to comply with State or federal laws or regulations in connection with administration of the Bond Loan and operation of the Development hereunder and the Borrower agrees to file such reports promptly.

(29) The Borrower covenants and agrees to execute such additional instruments as may be reasonably requested by the Trustee or the Issuer for purposes of carrying out the provisions of this Agreement and the other Bond Loan Documents and to perfect or give further assurances of any of the rights granted or provided for in the Bond Loan Documents.

(30) As of the Bonds Closing Date, the Borrower is in compliance with all requirements of each Regulatory Agreement and the Tax Exemption Agreement, and the representations set forth in the Tax Exemption Agreement pertaining to the Borrower and the Development are true and accurate and Borrower hereby incorporates the same as if set forth herein.

(31) The Title Insurance Policy delivered at the Bonds Closing Date satisfies the requirements of the Bond Purchase and Funding Agreement.

(32) The Trustee may assume without investigation that the amounts of money transferred to it by the Borrower as "*Basic Payments*" in accordance with Section 4.2(b) of this Agreement are sufficient to satisfy the requirements of Section 4.2(b) of this Agreement.

(33) The Borrower acknowledges that (a) it understands the nature and structure of the transactions relating to the financing of the Development, (b) it is familiar with the provisions of all of the documents and instruments relating to such financing to which it is a party, (c) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Development, and (d) it has not relied on the Issuer, for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement and the other Bond Documents or the Bond

Loan Documents or otherwise relied on the Issuer in any manner (except as to the accuracy of the representations made by the Issuer and the performance by the Issuer of its agreements, covenants and undertakings under this Agreement, other Bond Documents and the Bond Loan Documents).

Section 2.3. General Representations, Warranties, and Covenants of the Borrower. The Borrower further represents, warrants, and covenants as follows:

(1) It will comply with the requirements and conditions of the Tax Exemption Agreement and will ensure compliance of the Development with the provisions of each Regulatory Agreement. The Borrower is not now in default under any of the Regulatory Agreements and specifically agrees to continue to meet its requirements thereunder.

(2) The Borrower will comply in all material respects with all terms, agreements, and covenants of the Bond Purchase and Funding Agreement.

(3) If the Borrower becomes aware of any situation, event or condition which would, based upon an opinion of Bond Counsel, result in the interest payable on the Bonds becoming includible in gross income for federal income tax purposes, the Borrower will promptly give written notice of such situation, event or condition to the Issuer, the Trustee, and the Bond Owner.

(4) The Borrower will cause all of the residential units in the Development to be rented or available for rental on a basis that satisfies the requirements, if any, of each Regulatory Agreement which has then been executed, including all applicable requirements of the Code; all leases will comply with all applicable State and federal laws and each Regulatory Agreement.

(5) The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions of this Section 2.3 or of the Indenture or a Regulatory Agreement, and that in any event, the requirements of this Agreement and the Bond Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

Section 2.4. Regulatory Agreements. The Borrower hereby covenants, represents, and agrees as follows:

(1) to file of record such documents and take such other reasonable steps as are necessary in order to ensure that the requirements and restrictions, if any, of each Regulatory Agreement then executed by Borrower, will be binding upon all owners of the Development, including, but not limited to, the execution and recordation, if required, of each Regulatory Agreement, once executed, in the real property records of Travis County, Texas; and

(2) to include the requirements and restrictions, if any, contained in each Regulatory Agreement, once executed, in any deed or other document transferring any of its interest in the Development to another Person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to so abide.

Section 2.5. Additional Representations and Agreements of Borrower. The Borrower represents, warrants, covenants and agrees as set forth below to and with the Trustee, and the Borrower agrees that:

(1) The Trustee may rely on such representations, warranties covenants and agreements and the other representation, warranties, covenants and agreements contained in this Agreement as if the Trustee were a party to this Agreement.

(2) All representations and warranties made by Borrower in the Bond Purchase and Funding Agreement are true and correct in all material respects.

(3) The Trustee may assume without investigation that the amounts of money transferred to it by the Borrower as “*Basic Payments*” in accordance with Section 4.2(b) of this Agreement are sufficient to satisfy the requirements of Section 4.2(b) of this Agreement.

Section 2.6. Representations and Warranties of the Bond Owner. The Bond Owner makes the following representations and warranties:

(1) The Bond Owner has all power and authority necessary (i) to execute and deliver this Agreement, (ii) to perform its obligations under this Agreement and (iii) to consummate the transactions contemplated by this Agreement.

(2) The Bond Owner has taken all actions necessary to authorize (i) the execution and delivery of this Agreement, (ii) the performance of its obligations under this Agreement, and (iii) the consummation of the transactions contemplated by this Agreement.

(3) This Agreement has been duly executed and delivered by the Bond Owner and constitutes, assuming due execution and delivery by the other parties hereto, the valid and binding obligation of the Bond Owner, enforceable against the Bond Owner in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and the exercise of judicial discretion in accordance with principles of general equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(4) To the best knowledge of the Bond Owner, neither the execution and delivery by the Bond Owner of this Agreement, nor the performance by the Bond Owner of its obligations under any of the Bond Loan Documents to which it is a party, nor the

consummation of the transactions contemplated by such Loan Documents will violate any law, rule, regulation or ordinance, or any order, judgment or decree of any Federal, state or local court or will conflict with, or constitute a breach of, or a default under, the charter or by-laws of the Bond Owner or under any agreement, instrument or commitment to which the Bond Owner is a party or by which the Bond Owner or any of its property is bound.

(5) To the best knowledge of the Bond Owner, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or, to the knowledge of the Bond Owner, threatened against the Bond Owner (nor, to the knowledge of the Bond Owner, is there any basis therefor), which (i) affects or seeks to prohibit, restrain or enjoin the execution and delivery by the Bond Owner of any of the Bond Loan Documents to which it is a party; the performance by the Bond Owner of its obligations under such Loan Documents, or the consummation of the transactions contemplated by such Loan Documents, or (ii) affects or questions the validity or enforceability of such Loan Documents.

(6) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Bond Owner as a prerequisite to the execution and delivery by the Bond Owner of the Bond Loan Documents, the performance by the Bond Owner of its obligations under such Loan Documents or the consummation of the transactions contemplated by such Loan Documents.

(7) To the best knowledge of the Bond Owner, no information, statement or report furnished to the Issuer or Bond Counsel by the Bond Owner in connection with the negotiation of or performance under any of the Bond Loan Documents or the consummation of the transactions contemplated hereby 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. It is specifically understood by the Bond Owner that all such statements, representations and warranties shall be deemed to have been relied upon by the Issuer as an inducement to effectuate the Bond Loan, and that if any such statements, representations and warranties were materially incorrect at the time they were made or as of Bond Closing Date, the Issuer may consider any such misrepresentation or breach a Default.

(8) To the best knowledge of the Bond Owner, it is not in default with respect to any order or decree of any court or any order, regulation or demand of any Federal, state, municipal or governmental agency, which default might have consequences that would affect its performance hereunder.

(9) To the best knowledge of the Bond Owner, it is not a party to or bound by any agreement or instrument or subject to any charter or any other corporate restriction or any judgment, order, writ, injunction, decree, law, or regulation which now or in the future may materially and adversely affect the ability of the Bond Owner to perform its obligations under any Loan Document to which it is a party, or which requires the consent

of any third person to the execution of such Loan Document, or the consummation of the transaction contemplated hereby.

(10) To the best knowledge of the Bond Owner, all fees charged by the Bond Owner and the Bond Owner in connection with the origination of the Bond Loan are no more than those which are reasonable and customary for lenders to charge in connection with similar loans not financed through the issuance of tax-exempt Bond.

(11) The Bond Owner represents that to the best of its knowledge, each Bond Owner is purchasing the Bonds for its own account and not for reoffering to the public. In connection with its purchase of the Bonds, the Bond Owner agrees to use reasonable efforts to cause each Bond Owner to deliver to the Issuer an investor letter substantially in the form of Exhibit C to the Indenture. In the event a Bond Owner transfers the Bonds, such transfer shall be subject to the terms of the Indenture. In the event of a transfer of the Bonds (or any beneficial interest therein), by a Bond Owner, other than in accordance with the provisions of the Indenture and the securities laws of the United States, the Bond Owner agrees to cause that Bond Owner to indemnify the Issuer against any liability, cost and expense (including attorney's fees) that may result therefrom.

ARTICLE 3.

ISSUANCE OF BONDS; PAYMENT OF COSTS

Section 3.1. Issuance of Bond. The Issuer has determined to issue the Bonds pursuant to the Indenture, and the Borrower has reviewed and does hereby approve the terms of the Indenture. Upon execution of this Agreement, the Bond Purchase and Funding Agreement, the other Bond Loan Documents, and the Indenture and the occurrence (or waiver by all required parties) of all conditions precedent to the purchase of the Bonds by the Bond Owner (including the conditions to closing and the obligation of the Bond Owner to purchase the Bonds listed in the Bond Purchase and Funding Agreement), or as soon thereafter as practicable, the Issuer will execute the Bonds and deliver the Bonds to the initial purchaser(s) thereof or to their order upon payment of the purchase price and the delivery to the Trustee of all documents required to be delivered as a condition to such delivery pursuant to the Indenture. The proceeds of the Bonds will be deposited with the Trustee and disbursed in accordance with the Indenture subject to the terms and conditions of the Bond Purchase and Funding Agreement.

Section 3.2. No Warranty by Issuer. The Borrower agrees that, because the components of the Development have been and are to be designated and selected by it, THE ISSUER HAS NOT MADE AN INSPECTION OF THE DEVELOPMENT 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 BORROWER IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE DEVELOPMENT 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 3.2 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 DEVELOPMENT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

Section 3.3. Disbursements from the Development Fund and the Costs of Issuance Fund.

(1) The Issuer has authorized and directed the Trustee to make payments upon receipt of a Requisition, (which has been consented to by the Bond Owner as hereinafter provided in this Section, to pay the costs of issuing the Bonds in order that such representation is correct in addition to the terms of Section 3.4), and to reimburse the Borrower for any of the foregoing paid or incurred by the Borrower before or after the execution and delivery of this Agreement and the issuance and delivery of the Bonds in accordance with the requirements of the Indenture, *provided* that the Bond Owner has consented based on the terms and requirements of the Bond Purchase and Funding Agreement to Trustee's making of such payments by acknowledging a written Requisition upon the satisfaction of the applicable conditions listed in the Bond Purchase and Funding Agreement and the limitations relating to the 95% rule.

(2) The balance of the proceeds of the Bonds shall be deposited in the Development Fund and then disbursed by the Trustee no more frequently than monthly, only in accordance with the Indenture, including delivery of a written Requisition by the Borrower satisfying the requirements of Section 6.2 of the Indenture and this Agreement and approved in writing by Bond Owner, which approval of the Bond Owner will be granted upon satisfaction of the conditions and performance of the covenants and conditions set forth in the Bond Purchase and Funding Agreement.

(3) The terms of the Bond Purchase and Funding Agreement shall govern the disbursement of the Bond Loan by the Bond Owner notwithstanding anything herein to the contrary.

Section 3.4. Payment of Costs of Issuance by the Borrower. Without limiting any term or requirement of the Bond Purchase and Funding Agreement, the Borrower agrees that it will provide any and all funds required for the prompt and full payment of Costs of Issuance for the Bonds, including, but not limited to, to pay the following items:

(1) all reasonable legal fees (including Bond Counsel and the respective counsel to the Borrower, the Issuer, the Bond Owner, the Guarantor, and the Trustee), abstractors', title insurance, financial, engineering, environmental, construction services, appraisal and accounting fees and expenses, administrative fees, printing and engraving costs, and other expenses incurred and to be incurred by the Borrower, the Issuer, the Bond Owner, and the Trustee in connection with issuance of the Bonds;

- (2) all recording fees and other taxes, charges, assessments, license, or registration fees of every nature whatsoever incurred and to be incurred in connection with the issuances of the Bonds;
- (3) all initial fees and expenses of the Trustee, the Paying Agent, and the Issuer;
- (4) all reasonable fees and expenses for title insurance, survey, and related matters; and
- (5) all fees otherwise due under the Bond Purchase and Funding Agreement (and under all fee letters issued pursuant thereto).

ARTICLE 4.

THE BOND LOAN, LOAN REPAYMENT AND ADDITIONAL CHARGES

Section 4.1. The Bond Loan. The Issuer agrees, upon the terms and conditions herein specified and in the Bond Purchase and Funding Agreement, to make the Bond Loan to the Borrower solely from the proceeds received by the Issuer from the Bond Owner from the sale of the Bonds, excluding any interest earned thereon by causing such proceeds to be deposited with the Trustee in the Development Fund for disposition as provided herein and in the Indenture. The obligation of the Issuer to finance the Bond Loan shall be deemed fully discharged upon the deposit of the proceeds of the Bonds to the Development Fund with the Trustee. The Bond Loan shall be evidenced by the Bond Loan Note payable to Issuer, in the form attached as Exhibit A to the Bond Purchase and Funding Agreement and assigned to the Trustee. The obligation of the Bond Owner to approve any Requisition (or to purchase the Bonds) is subject to the conditions listed in the Bond Purchase and Funding Agreement.

Section 4.2. Loan Repayment. (a) The Borrower will repay the Bond Loan in accordance with the provisions of the Bond Loan Note, the Bond Purchase and Funding Agreement, and this Agreement. Notwithstanding anything to the contrary contained herein, the Borrower covenants that it shall make payments, at such times and in such amounts to assure that payment of the principal of and premium, if any, and interest on the Bonds shall be made when due, whether at maturity, by call for redemption, by acceleration or otherwise (including, without limitation, any breakage fees which may be due with respect to the Bonds). Without limiting the foregoing or terms of the Bond Purchase and Funding Agreement, Borrower agrees that the Bond Loan will be funded as and when needed to satisfy the Fifty Percent Test. Further, Borrower agrees that the Bond Loan will be paid down to the amount of the Permanent Loan as soon after Substantial Completion as reasonably practical (and as may be needed prior to the Amortization Period Commencement Date). Notwithstanding the foregoing or anything else in this Agreement or in the Bond Purchase and Funding Agreement to the contrary, if the Bond Owner determines it is necessary that certain Draw Requests be instead funded from the Development Fund to satisfy the Fifty Percent Test or if it is necessary to ensure that 95% of the proceeds of the Bonds are expended on Good Costs, those Draw Requests will be first funded from the Development Fund (in any

event, it is the intent of the parties that all proceeds of the Bonds will be used for the development of the Development).

(b) Subject to the Borrower's right of prepayment granted in Section 6.1 (or in connection with the corresponding redemption under the terms of the Indenture), the Borrower hereby acknowledges its indebtedness to the Issuer and agrees to make monthly payments on each day as and when provided for in the Bond Purchase and Funding Agreement (each a "*Payment Date*") of the following (collectively, "*Basic Payments*"):

(i) Amounts then due under the Bond Loan Note as provided in the Bond Purchase and Funding Agreement;

(ii) Ordinary Fees and Expenses of the Trustee actually incurred;

(iii) To the extent sufficient amounts have not been deposited in the Development Fund, the Issuer Fees, and other expenses of the Issuer actually incurred;

(iv) Reserved;

(v) Amounts required to be deposited in the Replacement Reserve Account pursuant to Exhibit T of the Bond Purchase and Funding Agreement; and

(vi) Amounts required to be deposited in the Operating Reserve Account pursuant to Exhibit T of the Bond Purchase and Funding Agreement.

(c) The Borrower agrees to pay any amount needed to cause Lease Stabilization to occur before the Amortization Period Commencement Date.

(d) During the Permanent Term, principal and interest will be payable based on the sinking fund schedule attached to the Indenture (being the same as the amortization schedule attached to the Bond Purchase and Funding Agreement).

(e) Further, if an Event of a Taxability occurs, after giving effect to change in the interest rate applicable to the Bond Loan Note and the Bonds as provided for in the Indenture, the monthly payment shall be adjusted to that amount which is sufficient to repay the unpaid principal balance of the Permanent Loan in full, together with interest at the then applicable rate of interest of the Bonds, in substantially equal monthly payments based on a 40 year amortization. Such payment schedule, and such payment adjustment, upon the occurrence of an Event of Taxability, shall be provided by the Bond Owner to the Trustee in writing. The foregoing shall not limit any right of redemption provided for in the Indenture upon the occurrence of an Event of Taxability.

Section 4.3. Additional Charges. The Borrower agrees to pay, when due, subject to the payment of amounts due under Section 4.2 all actual costs and expenses incurred in connection with the issuance of the Bonds, but only to the extent the same are not included in Ordinary Fees and Expenses, are not paid from the Cost of Issuance Fund established under the Indenture, and

are not paid pursuant to Section 4.2 (in the aggregate, the “*Additional Charges*”), including without limitation, the expenses listed in Section 3.4 and each and all of the following:

(1) all reasonable fees of the Trustee, the Issuer, the Bond Owner, and any Holder for services rendered pursuant to the terms of the Indenture, any amounts due under Section 3.4 hereof (but only to the extent the same are not included in Ordinary Fees and Expenses and are not paid pursuant to Section 4.2) and all reasonable fees and reasonable charges of any registrars, legal counsel, accountants, engineers, public agencies, and others actually and reasonably incurred in the performance of services reasonably required pursuant to the terms and conditions of the Indenture for which such persons are actually entitled to payment or reimbursement, any reasonable fees or charges of public agencies, and any reasonable fees or expenses actually incurred and resulting directly from the occurrence and continuance of an Event of Default by the Borrower hereunder;

(2) (a) all indemnity payments required to be made to the Issuer, the Bond Owner, and any Holder under Section 5.2; (b) all expenses (including legal fees) incurred by the Issuer or the Trustee to exercise their rights under this Agreement following an Event of Default; and (c) all other actual expenses incurred by the Issuer in relation to the Development which are not otherwise required to be paid by the Borrower under the terms of this Agreement or any separate fee agreement, including costs incurred as a result of a request by the Borrower;

(3) if applicable, amounts advanced by the Trustee pursuant to the Indenture;

(4) interest, at the Default Rate, on all payments not made by the Borrower under Section 4.2 and under this Section 4.3 when due (accruing from the applicable due date), to the parties entitled thereto; and

(5) If any payment required under this Agreement is not paid within fifteen (15) days after such payment is due, then the Borrower shall pay to the Issuer, promptly and without demand, a late charge equal to five percent (5.0%) of the amount of such payment to compensate the unpaid party for administrative expenses and other costs of delinquent payments. This late charge may be assessed without notice, shall be immediately due and payable and shall be in addition to all other rights and remedies available to the Issuer. This late charge shall be in addition to any interest due as a result of interest then accruing on the Bonds Outstanding at the Default Rate, if applicable; *provided* that this shall not be duplicative with any amounts due under the Bond Purchase and Funding Agreement for late payments or default interest.

Section 4.4. The Borrower's Obligations Unconditional. The obligations of the Borrower to perform and observe the agreements on its part contained herein shall be absolute and unconditional and payment of the Bond Loan, all Basic Payments, and Additional Charges and all other payments required of the Borrower hereunder or under the Bond Loan Note shall be paid without set off, counterclaim, or defense for any reason and without abatement or deduction or defense. The Borrower will not suspend or discontinue any such payments, and will perform and

observe all of its other agreements in this Agreement, and, except as expressly permitted in Section 6.3 will not terminate this Agreement for any cause, including but not limited to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Development or the Borrower's business, the taking of the Development or the Borrower's business by Condemnation or otherwise, the lawful prohibition of the Borrower's use of the Development or the Borrower's business, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Agreement, the lack of right, power or authority of the Issuer to enter into this Agreement, eviction by paramount title, commercial frustration of purpose, bankruptcy, or insolvency of the Issuer or the Trustee, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the payment of the Bond Loan and other amounts payable by the Borrower hereunder or under the Bond Loan Note shall be paid in full when due without any delay or diminution whatever.

Section 4.5. Assignment of Issuer's Rights. As security for the payment of the Bonds, except with respect to the Unassigned Issuer's Rights, the Issuer hereby pledges the amounts payable hereunder and assign, without recourse or liability, to the Trustee, the Issuer's rights under this Agreement, including the right to receive any payments hereunder, and hereby directs the Borrower to make said payments directly to the Trustee, or otherwise upon the order of the Trustee. The Borrower herewith assents to such assignment and will make payments under this Agreement directly to the Trustee or otherwise upon the order of the Trustee without defense or set off by reason of any dispute between the Borrower and the Issuer, the Bond Owner, or the Trustee and Trustee shall have the rights and remedies of the Issuer under this Agreement and each Bond Loan Document and shall have the right to exercise such rights and remedies without the joinder or consent of the Issuer, in the same manner and under the limitations and conditions that the Trustee is entitled to exercise rights and remedies under the Indenture. Trustee has designated the Bond Owner to service and administer the Bond Loan for and on behalf of the Trustee.

Section 4.6. Pro Rata Allocation. Notwithstanding anything to the contrary set forth in this Agreement, all of the Bonds proceeds shall, for federal income tax purposes, be (1) allocated on a pro rata basis to each building in the Development and the Land on which it is located (if there is more than one building) and (2) used exclusively to pay costs of the construction of the Development which are includable in aggregate basis of any building and the land on which the building is located ("*Eligible Costs*") in a manner such that each building satisfies the requirements of section 42(h)(4)(B) of the Code. Accordingly, no Bond proceeds will be deemed to have been used to pay any of the Costs of Issuance, except as otherwise provided for in this Agreement, or to fund any reserve account other than the Development Fund to be used to pay Eligible Costs.

Section 4.7. Establishment of Completion Date. The Borrower shall evidence completion of the Development and the actual date of completion by delivery to the Issuer and the Trustee of

a Completion Certificate in the form attached hereto as *Exhibit A* executed by an Authorized Borrower Representative. The Completion Certificate shall be furnished by the Borrower to the Issuer and the Trustee promptly following the completion of the Development.

ARTICLE 5.

COVENANTS OF ISSUER AND BORROWER

Section 5.1. Covenant for the Benefit of the Bond Owner. The Borrower recognizes the authority of the Issuer to assign its interest in and right to receive moneys receivable under this Agreement (other than the Unassigned Issuer's Rights) to the Trustee as security for the payment of the principal of and interest and redemption premium, if any, on the Bonds, and the payment of all Additional Charges. The Borrower hereby agrees to be bound by, and grants a security interest to the Trustee in any right and interest the Borrower may have in sums held in the Funds described in the Indenture, pursuant to the terms and conditions thereof, to secure payment of the Bonds and payments made under the Bond Loan Documents. Each of the terms and provisions of this Agreement is a covenant for the use and benefit of the Bond Owner, so long as the Bonds shall remain outstanding; but upon discharge of the Bonds in accordance with Article 8 of the Indenture and payment of all reasonable fees and charges incurred by the Issuer and the Trustee, all references in this Agreement to the Bond Owner and, the Bonds, shall be ineffective, and the Bond Owner shall thereafter have no rights hereunder, save and except those that shall have theretofore vested or that arise from provisions hereunder or under the Regulatory Agreements, once executed, which survive termination of this Agreement.

Section 5.2. Indemnity. (1) THE BORROWER WILL PAY, DEFEND, AND WILL PROTECT, INDEMNIFY, AND SAVE THE TRUSTEE, THE ISSUER, THE SPONSORING POLITICAL SUBDIVISIONS, THE BOND OWNER, AND EACH HOLDER OF THE BONDS, AND THE MEMBERS OF THE GOVERNING BODY AND STAFF, DIRECTORS, OFFICIALS, OFFICERS, ATTORNEYS, AGENTS, AND EMPLOYEES OF EACH OF THEM AND ANY PERSON WHO CONTROLS ANY OF THEM WITHIN THE MEANING OF THE SECURITIES ACT OF 1933 (FOR PURPOSES OF THIS SECTION 5.2 ONLY, COLLECTIVELY, THE "*INDEMNIFIED PARTIES*") FROM AND AGAINST ALL LIABILITIES, LOSSES, DAMAGES, REASONABLE COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEYS' FEES, LITIGATION AND COURT COSTS, AMOUNTS PAID IN SETTLEMENT AND AMOUNTS PAID TO DISCHARGE JUDGMENTS) ACTUALLY INCURRED, CAUSES OF ACTION (WHETHER IN CONTRACT, TORT, OR OTHERWISE), SUITS, CLAIMS, DEMANDS, AND JUDGMENTS OF EVERY KIND, CHARACTER, AND NATURE WHATSOEVER ASSERTED AGAINST ANY INDEMNIFIED PARTY BY ANY THIRD PARTY (COLLECTIVELY REFERRED TO HEREIN AS THE "*LIABILITIES*") DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THE BONDS, THE BOND LOAN OF THE PROCEEDS OF THE BONDS, THIS AGREEMENT, THE BOND PURCHASE AND FUNDING AGREEMENT, AND THE OTHER BOND LOAN DOCUMENTS, THE DEVELOPMENT, THE INDENTURE, OR ANY DOCUMENT RELATED TO THE ISSUANCE AND SALE OF THE BONDS (BUT EXCLUDING FROM THE OBLIGATIONS UNDERTAKEN BY THE BORROWER PURSUANT TO THIS

SECTION 5.2 ANY OBLIGATIONS TO PAY PRINCIPAL OR INTEREST ON THE BOND LOAN OR THE BONDS), INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING:

(A) THE INDENTURE, THIS AGREEMENT, AND EACH REGULATORY AGREEMENT, ONCE EXECUTED, OR THE EXECUTION OR AMENDMENT THEREOF OR THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE ISSUANCE, SALE, RESALE, OR REMARKETING OF THE BONDS OR ANY OF THEM;

(B) ANY ACT OR OMISSION OF THE BORROWER OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES, OR LICENSEES IN CONNECTION WITH THE BOND LOAN OR THE DEVELOPMENT, THE OPERATION OF THE DEVELOPMENT, OR THE CONDITION, ENVIRONMENTAL OR OTHERWISE, OCCUPANCY, USE, POSSESSION, CONDUCT, OR MANAGEMENT OF WORK DONE IN, ON, OR ABOUT THE DEVELOPMENT, OR FROM THE PLANNING, DESIGN, ACQUISITION, INSTALLATION, OR CONSTRUCTION OF, THE DEVELOPMENT, OR ANY PART THEREOF;

(C) ANY INJURY TO OR DEATH OF ANY PERSON OR DAMAGE TO PROPERTY IN OR UPON THE DEVELOPMENT OR GROWING OUT OF OR CONNECTED WITH THE USE, NON-USE, CONDITION OR OCCUPANCY OF THE DEVELOPMENT OR ANY PART THEREOF;

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

(E) ACTUAL VIOLATION BY THE BORROWER OF ANY AGREEMENT OR CONDITION OF THIS AGREEMENT, THE BOND REGULATORY AGREEMENT, ONCE EXECUTED, OR THE BOND MORTGAGE;

(F) ACTUAL VIOLATION BY THE BORROWER OF ANY CONTRACT, AGREEMENT, OR RESTRICTION RELATING TO THE DEVELOPMENT;

(G) ACTUAL VIOLATION BY THE BORROWER OF ANY LAW, ORDINANCE, OR REGULATION AFFECTING THE DEVELOPMENT, OR ANY PART THEREOF OR THE OWNERSHIP, OCCUPANCY, OR USE THEREOF, INCLUDING WITHOUT LIMITATION ANY VIOLATION OF ANY APPLICABLE ENVIRONMENTAL LAW, RULE, OR REGULATION WITH RESPECT TO, OR THE RELEASE OF ANY HAZARDOUS SUBSTANCE FROM, THE DEVELOPMENT OR ANY PART THEREOF;

(H) THE DEFEASANCE OR REDEMPTION, IN WHOLE OR IN PART, OF THE BONDS;

(I) ANY STATEMENT, INFORMATION, OR CERTIFICATE FURNISHED BY THE BORROWER TO THE ISSUER WHICH IS INTENTIONALLY MISLEADING, UNTRUE, OR INCORRECT IN ANY MATERIAL RESPECT, INCLUDING WITHOUT LIMITATION ANY UNTRUE STATEMENT OR

MISLEADING STATEMENT OF A MATERIAL FACT BY THE BORROWER CONTAINED IN ANY OFFERING STATEMENT OR DOCUMENT FOR THE BONDS OR ANY OF THE DOCUMENTS RELATING TO THE BONDS TO WHICH THE BORROWER IS A PARTY, OR ANY MATERIAL OMISSION FROM ANY OFFERING STATEMENT OR DOCUMENT FOR THE BONDS OF ANY MATERIAL FACT NECESSARY TO BE STATED THEREIN IN ORDER TO MAKE THE STATEMENTS MADE THEREIN BY THE BORROWER, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING;

(J) ANY AND ALL LIABILITIES DIRECTLY OR INDIRECTLY ARISING OUT OF OR RESULTING FROM REHABILITATION OF ANY IMPROVEMENTS, INCLUDING ANY DEFECTIVE WORKMANSHIP OR MATERIALS;

(K) ANY FAILURE TO SATISFY ANY REQUIREMENTS OF ANY APPLICABLE LAWS, REGULATIONS, ORDINANCES, GOVERNMENTAL POLICIES OR STANDARDS, REPORTS, SUBDIVISION MAPS, OR DEVELOPMENT AGREEMENTS THAT ACTUALLY APPLY AND PERTAIN TO THE DEVELOPMENT;

(L) BREACH OF ANY REPRESENTATION OR WARRANTY MADE OR GIVEN BY THE BORROWER TO ANY OF THE INDEMNIFIED PARTIES OR TO ANY PROSPECTIVE OR ACTUAL BUYER OF ALL OR ANY PORTION OF THE DEVELOPMENT;

(M) ANY CLAIM OR CAUSE OF ACTION OF ANY KIND BY ANY PARTY THAT ANY INDEMNIFIED PARTY IS LIABLE FOR ANY ACT OR OMISSION OF THE BORROWER OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE OWNERSHIP, SALE, OPERATION, OR DEVELOPMENT OF THE DEVELOPMENT; AND

(N) ANY DECLARATION OF TAXABILITY OF INTEREST ON THE BONDS, OR ALLEGATIONS OR REGULATORY INQUIRY THAT INTEREST ON THE BONDS IS TAXABLE, FOR FEDERAL TAX PURPOSES, EXCEPT BY REASON OF BEING HELD BY A "SUBSTANTIAL USER" OF THE DEVELOPMENT OR A "RELATED PERSON" WITHIN THE MEANING OF SECTION 147(A) OF THE CODE.

(2) THE BORROWER ALSO AGREES TO INDEMNIFY AND HOLD HARMLESS EACH OF THE INDEMNIFIED PARTIES FROM AND AGAINST THE LIABILITIES DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO ANY FRAUD OR MISREPRESENTATIONS OR OMISSIONS BY THE BORROWER OCCURRING DURING ANY PROCEEDINGS OF THE ISSUER RELATING TO THE ISSUANCE OF THE BONDS OR PERTAINING TO THE FINANCIAL CONDITION OF THE BORROWER WHICH, IF KNOWN TO THE BOND OWNER, MIGHT BE CONSIDERED A FACTOR IN ITS DECISION TO PURCHASE THE BONDS.

(3) NOTHING IN SECTION 5.2(1) SHALL BE DEEMED TO REQUIRE THE BORROWER TO PROVIDE INDEMNIFICATION TO AN INDEMNIFIED PARTY WITH RESPECT TO LIABILITIES ARISING FROM THE FRAUD, THE GROSS NEGLIGENCE (EXCEPT IN THE CASE OF ISSUER AND THE BOND OWNER), OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY. NOTWITHSTANDING ANY PROVISION OF THIS FINANCING AGREEMENT TO THE CONTRARY, THE BOND OWNER AND THE TRUSTEE SHALL BE

INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM THEIR OWN NEGLIGENCE TO THE EXTENT PERMITTED BY LAW AND THE BOND DOCUMENTS.

(4) PROMPTLY AFTER RECEIPT BY AN INDEMNIFIED PARTY OF ACTUAL NOTICE OF THE COMMENCEMENT OF ANY ACTION OR PROCEEDING WITH RESPECT TO WHICH INDEMNIFICATION IS BEING SOUGHT HEREUNDER, SUCH INDEMNIFIED PARTY WILL AS SOON AS REASONABLY PRACTICAL NOTIFY THE BORROWER OF THE COMMENCEMENT OF SUCH PROCEEDING. RECEIPT OF SUCH NOTIFICATION SHALL BE A NECESSARY CONDITION PRECEDENT TO THE BORROWER'S INDEMNIFICATION OBLIGATION HEREUNDER FOR LIABILITIES OF THE INDEMNIFIED PARTIES, BUT FAILURE OF THE BORROWER TO RECEIVE SUCH NOTIFICATION OR DEFECTS IN SUCH NOTIFICATION WILL NOT RELIEVE IT FROM ANY LIABILITY TO AN INDEMNIFIED PARTY WHICH THE BORROWER MAY HAVE OTHERWISE. IF THE BORROWER SO ELECTS, IT MAY ASSUME THE DEFENSE OF SUCH ACTION OR PROCEEDING, INCLUDING THE EMPLOYMENT OF COUNSEL REASONABLY SATISFACTORY TO THE INDEMNIFIED PARTY AND WILL PAY THE FEES AND DISBURSEMENTS OF SUCH COUNSEL. HOWEVER, NOTWITHSTANDING THE FOREGOING, (I) IF COUNSEL FOR SUCH INDEMNIFIED PARTY AND COUNSEL FOR THE BORROWER AGREE THAT (A) HAVING COMMON COUNSEL TO REPRESENT BOTH THE BORROWER AND THE INDEMNIFIED PARTY WOULD PRESENT A CONFLICT OF INTEREST OR (B) DEFENSES ARE AVAILABLE TO SUCH INDEMNIFIED PARTY WHICH ARE NOT AVAILABLE TO THE BORROWER OR (II) IF THE BORROWER FAILS TO ASSUME THE DEFENSE OF THE ACTION OR PROCEEDING IN A TIMELY MANNER, THEN SUCH INDEMNIFIED PARTY MAY EMPLOY SEPARATE COUNSEL TO REPRESENT OR DEFEND IT IN ANY SUCH ACTION OR PROCEEDING AND THE BORROWER WILL PAY THE REASONABLE FEES AND DISBURSEMENTS OF SUCH COUNSEL. IN ANY ACTION OR PROCEEDING THE DEFENSE OF WHICH THE BORROWER ASSUMES, THE INDEMNIFIED PARTY WILL HAVE THE RIGHT TO PARTICIPATE IN SUCH LITIGATION AND TO RETAIN ITS OWN COUNSEL AT SUCH INDEMNIFIED PARTY'S OWN EXPENSE. NOTWITHSTANDING THE FOREGOING, IF THE INDEMNIFIED PARTY IS THE ISSUER, THE ISSUER SHALL EMPLOY ITS OWN COUNSEL AND THE BORROWER SHALL BE LIABLE FOR THE REASONABLE COST OF SUCH COUNSEL. NO INDEMNIFIED PARTY SHALL SETTLE ANY LIABILITY FOR WHICH INDEMNIFICATION IS BEING SOUGHT HEREUNDER, WITHOUT THE PRIOR WRITTEN CONSENT OF THE BORROWER, WHICH CONSENT SHALL BE AT THE SOLE DISCRETION OF BORROWER.

(5) THE INDEMNIFIED PARTIES SHALL BE CONSIDERED TO BE INTENDED THIRD PARTY BENEFICIARIES OF THIS AGREEMENT FOR PURPOSES OF SECTION 5.2(1)-(4).

(6) **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY COVENANTS AND AGREES AS FOLLOWS: EXCEPT AS ARISING FROM THE WILLFUL MISCONDUCT OF ANY SUCH PARTY, TO PROTECT, INDEMNIFY AND SAVE THE ISSUER, THE SPONSORING POLITICAL SUBDIVISIONS AND THEIR RESPECTIVE OFFICIALS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND ATTORNEYS (EACH, A "GOVERNMENTAL INDEMNIFIED PARTY") HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM, BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS FINANCING AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE DEVELOPMENT OR THE FINANCING OF THE DEVELOPMENT (COLLECTIVELY, "GOVERNMENTAL INDEMNITY**

LIABILITIES”) INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) THE WORK DONE ON THE DEVELOPMENT OR THE OPERATION OF THE DEVELOPMENT DURING THE TERM OF THIS FINANCING AGREEMENT OR (II) ANY BREACH OR DEFAULT ON THE PART OF THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS FINANCING AGREEMENT, OR (III) ANY CLAIM OR CAUSE OF ACTION AGAINST THE ISSUER THAT SEEKS TO IMPOSE LIABILITY ON THE ISSUER WITH RESPECT TO THE BONDS, THIS FINANCING AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE BOND REGULATORY AGREEMENT OR THE INDENTURE, (IV) THE DEVELOPMENT OR ANY PART THEREOF, OR (V) ANY VIOLATION OF ANY CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE DEVELOPMENT EXCLUDING THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE BONDS OR THE BOND LOAN, OR (VI) ANY LIABILITY, VIOLATION OF LAW, ORDINANCE OR REGULATION AFFECTING THE DEVELOPMENT OR ANY PART THEREOF OR THE OWNERSHIP OR OCCUPANCY OR USE THEREOF. UPON NOTICE FROM ANY GOVERNMENTAL INDEMNIFIED PARTY, THE BORROWER SHALL DEFEND THE GOVERNMENTAL INDEMNIFIED PARTIES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE, AND PROVIDE COMPETENT COUNSEL REASONABLY SATISFACTORY TO SUCH GOVERNMENTAL INDEMNIFIED PARTY; PROVIDED, HOWEVER, THAT THE GOVERNMENTAL INDEMNIFIED PARTIES SHALL HAVE THE ABSOLUTE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

(7) IT IS THE INTENTION OF THE PARTIES HERETO THAT THE GOVERNMENTAL INDEMNIFIED PARTIES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS FINANCING AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF THE GOVERNMENTAL INDEMNIFIED PARTIES IN CONNECTION WITH THE ISSUANCE OF THE BONDS, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS FINANCING AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE BOND REGULATORY AGREEMENT, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF THE GOVERNMENTAL INDEMNIFIED PARTIES BY THIS FINANCING AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF A GOVERNMENTAL INDEMNIFIED PARTY BY THE BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS FINANCING AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE DEVELOPMENT OR THE FINANCING OF THE DEVELOPMENT, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS FINANCING AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE BOND REGULATORY AGREEMENT AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; NEVERTHELESS, IF ANY GOVERNMENTAL INDEMNIFIED PARTY SHOULD INCUR ANY SUCH PECUNIARY LIABILITY WITH RESPECT TO EVENTS OCCURRING AFTER THE DATE HEREOF, THEN IN SUCH EVENT THE BORROWER SHALL INDEMNIFY AND HOLD THE GOVERNMENTAL INDEMNIFIED PARTIES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE FEES AND EXPENSES OF COUNSEL) INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND UPON TIMELY NOTICE FROM ANY GOVERNMENTAL INDEMNIFIED PARTY THE BORROWER SHALL DEFEND THE GOVERNMENTAL INDEMNIFIED PARTIES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COMPETENT COUNSEL SATISFACTORY TO THE GOVERNMENTAL INDEMNIFIED PARTIES AND THE BORROWER SHALL PAY THE GOVERNMENTAL INDEMNIFIED PARTIES’ EXPENSES INCLUDING

PAYMENT OF THE COUNSEL USED BY A GOVERNMENTAL INDEMNIFIED PARTY; *PROVIDED, HOWEVER*, THAT THE GOVERNMENTAL INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER; AND BORROWER SHALL NOT BE OBLIGATED TO INDEMNIFY ANY SUCH GOVERNMENTAL INDEMNIFIED PARTY FOR ACTIONS ARISING FROM ITS WILLFUL MISCONDUCT.

(8) ALL AMOUNTS PAYABLE TO THE ISSUER UNDER THIS AGREEMENT SHALL BE DEEMED TO BE FEES AND EXPENSES PAYABLE TO THE ISSUER FOR THE PURPOSES OF THE PROVISIONS OF THIS AGREEMENT AND OF THE INDENTURE DEALING WITH ASSIGNMENT OF THE ISSUER'S RIGHTS UNDER THIS AGREEMENT. THE GOVERNMENTAL INDEMNIFIED PARTIES SHALL NOT BE LIABLE TO THE BORROWER FOR ANY REASON EXCEPT AS ARISING FROM THE WILLFUL MISCONDUCT OF SUCH PARTIES. NOTWITHSTANDING ANY PROVISION OF THIS FINANCING AGREEMENT TO THE CONTRARY, EACH GOVERNMENTAL INDEMNIFIED PARTY SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM SUCH PARTY'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM SUCH PARTY'S OWN FRAUD OR WILLFUL MISCONDUCT.

(9) THIS INDEMNIFICATION SHALL NOT BE AFFECTED BY ANY INVESTIGATION BY OR ON BEHALF OF THE ISSUER OR ANY INFORMATION THE ISSUER MAY HAVE OR OBTAIN WITH RESPECT THEREOF.

NOTWITHSTANDING ANYTHING ELSE IN THIS FINANCING AGREEMENT TO THE CONTRARY, THE BORROWER SHALL BE RESPONSIBLE FOR THE FEES, COSTS AND EXPENSES OF COUNSEL TO THE ISSUER AT ALL TIMES; *PROVIDED* THAT THE ISSUER MAINTAINS CONTROL OF THE SELECTION OF ITS COUNSEL AT ALL TIMES.

THIS INDEMNIFICATION COVENANT SHALL SURVIVE REPAYMENT OF THE BOND LOAN AND THE BONDS.

THIS INDEMNITY SHALL BE IN ADDITION TO ANY INDEMNITY PROVISIONS IN THE BOND PURCHASE AND FUNDING AGREEMENT AND THE OTHER BOND LOAN DOCUMENTS.

NOTWITHSTANDING ANY TRANSFER OF THE DEVELOPMENT TO ANOTHER OWNER IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT PRIOR TO THE FULL AND FINAL PAYMENT OF THE BOND LOAN NOTE, THE BORROWER SHALL REMAIN OBLIGATED TO INDEMNIFY EACH INDEMNIFIED PARTY PURSUANT TO THIS SECTION BUT ONLY FOR SUCH LIABILITIES ARISING FROM AND WITH RESPECT TO ACTION, INACTION, OR OTHER CIRCUMSTANCES OR EVENTS OCCURRING PRIOR TO SUCH TRANSFER, BUT ONLY IF THE BOND OWNER, THE ISSUER AND THE TRUSTEE HAVE CONSENTED TO SUCH TRANSFER. IN THAT EVENT, SUCH SUBSEQUENT OWNER SHALL INDEMNIFY ANY INDEMNIFIED PARTIES HEREUNDER FOLLOWING SUCH TRANSFER UNDER ALL OF THE TERMS AND CONDITIONS APPLICABLE TO BORROWER.

NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN ANY OF THE BOND DOCUMENTS, (A) THE WITHDRAWAL, REMOVAL AND/OR REPLACEMENT OF THE GENERAL PARTNER AND/OR ADMINISTRATIVE LIMITED PARTNER IN ACCORDANCE WITH THE

BORROWER'S LIMITED PARTNERSHIP AGREEMENT SHALL NOT REQUIRE THE CONSENT OF THE PURCHASER, THE ISSUER OR ANY OTHER PERSON SO LONG AS THE GENERAL PARTNER OR THE ADMINISTRATIVE LIMITED PARTNER, AS APPLICABLE, IS REPLACED WITH AN AFFILIATE OF RED STONE EQUITY MANAGER LLC ("*RED STONE*") AND (B) THE CONSENT OF THE PURCHASER, THE ISSUER OR ANY OTHER PERSON SHALL NOT BE REQUIRED FOR (I) A TRANSFER OF THE LIMITED PARTNER INTERESTS OF THE INVESTOR LIMITED PARTNER AND/OR SPECIAL LIMITED PARTNER IN THE BORROWER AND/OR (II) A TRANSFER OF OWNERSHIP INTERESTS IN THE GENERAL PARTNER, ADMINISTRATIVE LIMITED PARTNER OR THE INVESTOR LIMITED PARTNER AND/OR SPECIAL LIMITED PARTNER, IN EITHER CASE, TO AN AFFILIATE OF RED STONE. FURTHER, EXCEPT WITH THE PRIOR WRITTEN APPROVAL OF THE PURCHASER, THE BORROWER AGREES TO CONSTRUCT, DEVELOP AND OPERATE THE DEVELOPMENT IN SUCH A MANNER AS TO ASSURE THAT NO ENTITY OTHER THAN THE BORROWER IS OR WILL BE A "SUBSTANTIAL USER" OR "RELATED PERSON" TO A "SUBSTANTIAL USER" AND, IF IT SHOULD TAKE OR PERMIT ANY SUCH ACTION, THE BORROWER WILL TAKE ALL LAWFUL ACTIONS THAT IT CAN TAKE TO RESCIND SUCH ACTION PROMPTLY UPON HAVING KNOWLEDGE THEREOF.

ANYTHING TO THE CONTRARY IN ANY OTHER BOND LOAN DOCUMENT NOTWITHSTANDING, THE PROVISIONS OF THIS SECTION 5.2 ARE NOT SECURED BY THE BOND MORTGAGE, AND SURVIVE THE TERMINATION OF THIS AGREEMENT, REPAYMENT OF THE BOND LOAN AND FORECLOSURE OF THE BOND MORTGAGE OR SIMILAR PROCEEDINGS, FINAL PAYMENT OR DEFEASANCE OF THE BONDS, AND (IN THE CASE OF THE TRUSTEE) ANY RESIGNATION OR REMOVAL.

THE OBLIGATIONS OF THE BORROWER UNDER THIS SECTION 5.2 ARE INDEPENDENT OF ANY OTHER CONTRACTUAL OBLIGATION OF THE BORROWER TO PROVIDE INDEMNITY TO THE INDEMNIFIED PARTIES NAMED HEREIN, AND THE OBLIGATION OF THE BORROWER TO PROVIDE INDEMNITY HEREUNDER MAY NOT BE INTERPRETED, CONSTRUED, OR LIMITED IN LIGHT OF ANY OTHER SEPARATE INDEMNIFICATION OBLIGATION OF THE BORROWER. ANY INDEMNIFIED PARTY IS ENTITLED SIMULTANEOUSLY TO SEEK INDEMNITY UNDER THIS SECTION 5.2 AND ANY OTHER PROVISION UNDER WHICH IT IS ENTITLED TO INDEMNITY FROM THE BORROWER, *PROVIDED, HOWEVER*, SUCH INDEMNIFIED PARTY SHALL BE ENTITLED TO ONLY ONE RECOVERY OF INDEMNITY FOR THE SAME LIABILITIES.

THE BORROWER'S DUTY AND OBLIGATION TO DEFEND, INDEMNIFY, AND HOLD HARMLESS THE INDEMNIFIED PARTIES SHALL SURVIVE THE TERM OF THE BONDS, THE RELEASE, RECONVEYANCE, OR PARTIAL RECONVEYANCE OF THE BOND MORTGAGE, THE TERMINATION OF THIS AGREEMENT, AND THE RESIGNATION OR REMOVAL OF THE TRUSTEE.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT AND/OR ANY OF THE OTHER BOND LOAN DOCUMENTS, IN THE EVENT ANY LIABILITIES FOR WHICH THE BORROWER AND/OR THE GUARANTOR HAVE PROVIDED INDEMNIFICATION UNDER ANY OF THE BOND LOAN DOCUMENTS ARISES SOLELY AND EXCLUSIVELY AS A RESULT OF A NEGLIGENT ACT OR OMISSION OF ANY INDEMNIFIED PARTY (EXCEPT THE ISSUER) THE TOTAL AMOUNT OF SUCH LIABILITIES SHALL BE LIMITED TO THE PROCEEDS OF INSURANCE POLICIES CARRIED OR REQUIRED TO BE CARRIED BY THE BORROWER UNDER THE BOND LOAN DOCUMENTS.

Section 5.3. Keeping the Issuer Informed. The Borrower must keep the Issuer informed, following its receipt of written request from Issuer, concerning the Borrower's financial condition and business operations, the condition and all uses of the Development, including all changes in condition or use, and any and all other circumstances that are a Material Adverse Change or Effect.

Section 5.4. Status of the Borrower. (1) Throughout the term of this Agreement, the Borrower will maintain its existence as a limited partnership organized under the laws of the State in good standing and qualified to transact business in the State and will not wind up or otherwise dispose of all or substantially all of its assets except as provided in the Bond Mortgage and Section 5.2 of this Agreement.

(2) Notwithstanding the provisions of the Bond Mortgage, the Borrower shall not effect a merger, consolidation, or transfer if the result thereof would cause the interest on the Bonds (in the hands of any Person who is a "substantial user" of the Development or a "related person") to become includible in gross income for federal income tax purposes.

Upon any change in the General Partner or the Administrative Limited Partner of the Borrower or the jurisdiction of organization of the Borrower, by way of substitution, sale, or otherwise, or a change in the jurisdiction of the Borrower's organization, the Issuer, the Trustee, and the Bond Owner shall be immediately informed, and if requested, the Borrower as newly constituted shall deliver to the Issuer, the Trustee, and the Bond Owner an instrument in form satisfactory to each of them affirming the liability of the Borrower hereunder, subject to all events to the terms and conditions of Section 5.2 and elsewhere in this Agreement.

Section 5.5. Execution of Financing Statements. Without limiting Section 5.4, the Borrower agrees that it will, at its sole expense, file at the request of the Bond Owner, any financing statements or continuation statements required or requested by the Bond Owner to perfect and preserve the security interest of the Issuer and the Trustee in this Agreement and the payments to be made hereunder, as granted in the Indenture.

Section 5.6. Proceedings Relating to an Event of Taxability. If any action or proceeding is commenced which questions the excludability of interest on the Bonds from gross income under Section 103(a) of the Code or which might result in an Event of Taxability, the Borrower, the Issuer, the Trustee, or the Bond Owner may contest such action or Event of Taxability. All reasonable costs actually incurred by Bond Owner in such contest shall be borne by the Borrower. No such action or proceeding shall be settled by the Borrower or the Trustee without the written consent of the Issuer and the Bond Owner, and, if no Default or Event of Default is then continuing, no such action or proceeding shall be settled by the Issuer, the Trustee or the Bond Owner without the written consent of the Borrower.

Section 5.7. 90% Test. Substantially all (at least 90%) of the Development dwelling units will be rented to Eligible Tenants (as defined in the Bond Regulatory Agreement) and the Borrower will not rent or lease any unit in the Development to a person not an Eligible Tenant if such rental would cause less than 90% of the dwelling units in the Development to be rented to Eligible Tenants.

Section 5.8. Reserved.

Section 5.9. Notice of Change. The Borrower shall give the Bond Owner, the Issuer, and the Trustee prior written notice of any change in:

- (a) the location of its place of business or its chief executive office if it has more than one place of business; and
- (b) the Borrower's name or business structure as a limited partnership.

Unless otherwise approved by the Bond Owner in writing, the Borrower agrees that all Mortgaged Property that consists of personal property (other than the books and records) will be located at the Development and that all books and records will be located at the Borrower's place of business, which place of business will be immediately identified to the Bond Owner upon request.

Section 5.10. Covenants Regarding Tax Exemption.

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

- (i) to take such action to assure that the Bonds are "exempt facility bonds", as defined in section 142(a) of the Code, at least ninety-five percent (95%) of the proceeds of which are used to provide "qualified residential rental Developments" (within the meaning of said section 142(a)(7) of the Code) or property functionally related and subordinate to such facilities;

- (ii) to comply with the terms and conditions of that certain Tax Exemption Agreement executed in connection with the Bonds, including, without limiting the generality of any other covenant contained herein, --

- A. assuring that at all times within the Qualified Development Period that 20 percent of the residential units in the Development will be occupied by persons whose income is 50 percent or less of area median gross income or, in lieu thereof, 40 percent of the residential units in the Development will be occupied by persons whose income is 60 percent or less of area median gross income percent,

- B. obtaining annually from each tenant of a residential unit described in subsection (1) above, a certification of income to currently determine income compliance with the foregoing, and

C. assuring that none of the residential units in the Development will be used for a purpose other than residential rental or that none of the units will be used as owner-occupied residences within the meaning of section 143 of the Code;

(iii) to refrain from taking any action that would result in the Bonds being “federally guaranteed” within the meaning of section 149(b) of the Code;

(iv) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

A. proceeds of the Bonds invested for a reasonable temporary period equal to the lesser of three (3) years or less until such proceeds are needed for the purpose for which the Bonds are issued,

B. amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

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

(v) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, to satisfy the requirements of section 148 of the Code (relating to arbitrage);

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

(vii) to use no portion of the proceeds of the Bonds to provide any airplane, sky-box or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises;

(viii) to comply with the limitations imposed by section 147(c) of the Code (relating to the limitation on the use of proceeds to acquire land) and section 147(d) of the Code (relating to restrictions on the use of Bond proceeds to acquire existing buildings, structures or other property);

(ix) that the Borrower shall immediately remit to the Trustee for deposit in the Rebate Fund any deficiency with respect to the Rebate Amount as required by Section 6.06 of the Indenture;

(x) the Borrower agrees to provide to the Trustee, at such time as required by the Trustee, all information required by the Trustee with respect to Nonpurpose Investments not held in any fund under the Indenture; and

(xi) to take such action to assure, and to refrain from any action which would cause, the Development financed with the proceeds of the Bonds to not be as described in the “Application of Private Activity Bonds” submitted by the Issuer on behalf of the Borrower to the Texas Bond Review Board in order to receive an allocation of state volume cap as required by section 146 of the Code; and

(xii) the issuer agrees to submit, and the Borrower agrees to cause the issuer to submit, such closing documents for the Bonds, in accordance with the rules of the Texas Bond Review Board, as may be necessary, or to take such other action as reasonably required, to cause the Texas Bond Review Board to provide the certificate of allocation for the Bonds.

(b) The Issuer and Borrower understand that the term “proceeds” includes “disposition proceeds” as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer and the Borrower that the covenants contained in this Agreement are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer and the Borrower will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs authorized Issuer representative to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(c) Allocation of, and Limitation on Expenditures for the Development. The Issuer and the Borrower covenant to account for the expenditure of sale proceeds and investment earnings to be used for the Development on its books and records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (i) the expenditure is made, or (ii) the Development is completed. The foregoing notwithstanding, the Issuer and the Borrower shall not expend sale proceeds or investment earnings thereon more than sixty (60) days after the later of (i) the fifth (5th) anniversary of the delivery of the Bonds, or (ii) the date the Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Issuer and the Borrower shall not be obligated to comply with this covenant if it obtains an opinion that such

failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest on the Bonds.

(d) Neither the Borrower nor any “related party” (within the meaning of Section 1.150-1(b) of the Regulations, to the Borrower shall be permitted to purchase any Bonds in an amount related to the Bond Loan.

Section 5.11. Incorporation of Tax Exemption Agreement. The covenants, representations, warranties, and agreements of the Borrower set forth in the Tax Exemption Agreement are incorporated by reference herein as if fully set forth herein. Notwithstanding anything herein or in the Tax Exemption Agreement to the contrary, Bond Owner may rely on and enforce, on their own behalf, the covenants, representations, warranties, and agreements of the Borrower set forth in the Tax Exemption Agreement.

Section 5.12. Loss of Tax Exemption. Notwithstanding anything in the Bond Purchase and Funding Agreement to the contrary, the interest rates will be increased to non tax exempt rates as provided for in the Indenture. The interest rates will be increased both prospectively and retroactively to the date on which such Event of Taxability on the Bonds shall be applicable, and the Borrower shall pay to the Bond Owner promptly upon demand therefor by the Bond Owner to Borrower, any interest due retroactively. The Borrower shall also indemnify, defend, and hold the Bond Owner, the Trustee and the Issuer harmless from any penalties, interest expense or other costs, including reasonable attorneys’ fees (including all allocated time and charges of the Bond Owner’s, Trustee’s and the Issuer’s “in house” and “outside” counsel) and accountants’ costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of interest on the Bonds and the interest payable to Bond Owner on the Bonds. The obligations of the Borrower under this paragraph shall survive termination of this Agreement and repayment of the Bond Loan and the resignation or removal of the Trustee.

If, following any increase in interest rates pursuant to this Section 5.12 a final determination is made, to the satisfaction of the Bond Owner, that interest paid on the Bonds is excludible from the Bond Owner’s gross income for federal income tax purposes, the Bond Owner shall promptly refund to the Borrower any additional interest paid by the Borrower pursuant to this Section 5.12 and the original tax exempt interest rate on the Bond Loan Note provided for in the Indenture shall be reinstated retroactive to the date on which such rate was increased pursuant to this Section 5.12.

Notwithstanding any provision of this Section to the contrary, in no event shall the interest rate on the Bond Loan Note and the Bonds exceed the Maximum Lawful Rate.

Section 5.13. Payment of Rebate Amounts. The Borrower will, on a timely basis, provide the Issuer with all necessary information and, with respect to the Borrower’s rebate requirement or yield reduction payments (both as may be required under Section 15 of the Tax Exemption Agreement) required to be paid, all necessary funds, in addition to any funds that are then available for such purpose in the Rebate Fund, to enable the Issuer to comply with all arbitrage and rebate requirements of the Code. To that end, the Borrower covenants and agrees to make such payments to the Trustee as are required of it under the Tax Exemption Agreement. The obligation of the

Borrower to make such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture and this Financing Agreement.

Section 5.14. Qualifications Under the Act. So long as the Bonds remain Outstanding, the Borrower will operate the Development in accordance with the Act and agrees to take all reasonable actions necessary to qualify and to continue to qualify the Development as a “residential development” under the Act. In furtherance of, and without limiting, the foregoing, in order to comply with Section 394.004 of the Act, the Borrower hereby agrees that at least ninety percent (90%) of the units in the Development are for use by or are intended to be occupied by 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 Household Income Limit, and the Borrower agrees to perform all acts necessary to comply with such section of the Act. In addition, in order to comply with Section 394.9025 of the Act, the Borrower hereby agrees that at least fifty percent (50%) of the units in the Development are for use or are intended to be occupied by families and individuals earning less than eighty percent (80%) of the Median Family Income.

Section 5.15. Rental Development. With respect to the residential units in the Development, the Borrower represents, covenants, and warrants that, once available for occupancy, will be rented or available for rental subject to the limitations contained in this Agreement, each Regulatory Agreement, and the requirements of Section 42 of the Code through the Qualified Development Period (unless occupied by or reserved for a resident manager, security personnel, or maintenance personnel reasonably required for the Development), that the Borrower will not give preference in renting residential units to any particular class or group of persons and other than as required or permitted by each Regulatory Agreement and/or as otherwise approved by HUD, and that at no time will any portion of the Development be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses.

Section 5.16. Certification as to Qualified Development Period. The Borrower shall provide to the Bond Owner, the Issuer, and the Trustee a certificate certifying within ninety (90) days thereof, (i) the date on which ten percent (10%) of the residential units are occupied; and (ii) the date on which fifty percent (50%) of the units are occupied.

Section 5.17. [Reserved].

Section 5.18. Reporting Requirements of the Borrower; TDHCA Reports. The Borrower will furnish to the Issuer and agencies of the State such periodic reports or statements as are required under the Act, or as such agencies may otherwise reasonably require of the Issuer or the Borrower throughout the term of this Agreement. The Borrower shall comply with the requirements of Section 394.027(c) of the Act and the rules of the Texas Department of Housing and Community Affairs promulgated pursuant to Section 394.027 of the Act, as amended (the “TDHCA Rules”) and shall prepare and provide to the Issuer (or at the Issuer’s written request, to the Texas Department of Housing and Community Affairs) no later than September 15 of each year, beginning September 15, 2027, a report in the form prescribed by the TDHCA Rules and which will include, with respect to each person residing in the Development, geographic and

demographic information, including tenant incomes, household size and total household income and all other data required by the TDHCA Rules, as such rules may be amended or modified from time to time.

ARTICLE 6.

BORROWER'S OPTIONS

Section 6.1. Principal Prepayments. The Borrower may prepay all or part of the Bond Loan at any time subject to and as provided for in the Bond Purchase and Funding Agreement and the Indenture.

Section 6.2. Direction of Investments. Subject to prior written consent of the Bond Owner, except during the continuance of an Event of Default, the Borrower shall have the right during the term of this Agreement to provide written direction to the Trustee to invest or reinvest all money held for the credit of Funds established by Article 6 of the Indenture in Permitted Investments subject, however, to the further conditions of Article 7 of the Indenture.

Section 6.3. Termination of Financing Agreement: Required Prepayment. (1) Except during the continuance of an Event of Default, the Borrower shall have the option of terminating this Agreement if (i) the Bonds has been paid in full or if provision is otherwise made for payment of the Bonds in such manner that the Indenture will be discharged under Article 8 thereof on or before the date of termination, (ii) such prepayment and termination is allowed by the Bond Mortgage, and (iii) the Borrower provides the Trustee and the Issuer with an opinion of Bond Counsel to the effect that all such conditions have been satisfied and that such action will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes; *provided* that this Agreement may not be terminated unless and until (a) all of the Borrower's obligations under the Bond Loan Documents have been satisfied and (b) all of the Borrower's obligations with respect to the Issuer's Fee's and Trustee's fees and any rebate obligation have been satisfied and the Borrower has so certified to the Issuer and the Trustee. All obligations of the Borrower under Sections 4.3 and 5.2 and shall survive termination of this Agreement, repayment of the Bond Loan, and the resignation or removal of the Trustee, but only to the extent as provided for in those respective sections.

(2) Notwithstanding the foregoing, the Borrower may not terminate this Agreement unless and until the Trustee has on deposit an amount equal to the sum of the following:

(a) Funds on deposit in any of the Funds established under Article 6 of the Indenture and available for that purpose which are sufficient to discharge the Indenture in accordance with Article 8 thereof and to pay amounts due under and with respect to the Bonds, plus

(b) to the extent not paid under subsection (a) above, an amount equal to the Trustee's fees, Issuer Fees, and expenses due or to become due under the Indenture not otherwise paid or provided for pursuant to Section 4.2 or 4.3 hereof and any other amounts

due and unpaid under Section 5.2 hereof, accrued and to accrue until the Bonds is fully paid and redeemed and all other advances, fees, costs, and expenses reasonably incurred and to be incurred on or before the termination date by the Trustee under the Indenture and by the Issuer and the Trustee under this Agreement and/or the other Bond Loan Documents; *provided* that in any event, in order to effect prepayment or discharge of the Outstanding Bond the Borrower shall, prior to the termination date, satisfy the requirements of Section 8.1 of the Indenture, and of the Bonds and the Bond Loan Note.

(3) On the termination date, a closing shall be held at any office mutually agreed upon among the Issuer, the Borrower, the Bond Owner, and the Trustee (which closing may be conducted by first-class mail or recognized overnight delivery service). At the closing, the Issuer and the Trustee shall, upon acknowledgment of receipt of the sum set forth in subsection (2) above, execute and deliver to the Borrower such release and other instruments as the Borrower reasonably determines is necessary to terminate this Agreement and the other Bond Loan Documents. All further obligations of the Borrower hereunder (except as specifically provided in Sections 4.3 and 5.2) shall thereupon terminate, *provided, however*, that the Borrower shall also remain obligated to pay or reimburse the Issuer, the Bond Owner, and the Trustee for the payment of all other fees, costs, and expenses unaccounted for in the sum paid in accordance with subsection (2) above and reasonably incurred before or subsequent to such closing in connection with the Bonds.

ARTICLE 7.

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. Any one or more of the following events is an Event of Default under this Agreement, and the term “Event of Default”, wherever used herein, means any one of the following events, whatever the reason for such default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, or order of any court or any order, rule or regulation of any administrative or governmental body:

(1) the occurrence of an Event of Default under and as defined in the Bond Purchase and Funding Agreement; or

(2) the Borrower shall fail in any respect to observe and perform or shall breach in any respect any other provision, covenant, condition, or agreement on its part under this Agreement and shall fail to remedy such default or breach within thirty (30) days after written notice to Borrower from the Issuer, the Trustee, or the Bond Owner, specifying such default or breach and requesting that it be remedied; or

(3) the occurrence and continuance of an event of default or a default shall occur under the Indenture or any Regulatory Agreement, once executed, or any Bond Loan Document and any applicable period for remedying or waiving such event of default has expired or, if no cure period is otherwise specified, the Borrower shall fail to remedy such default within thirty (30) days after notice to Borrower from the Issuer, the Trustee, or the

Bond Owner, specifying such event of default or default and requesting that it be remedied;
or

(4) any representation or warranty made by the Borrower herein, or in any document or certificate furnished to the Issuer, and/or the Bond Owner, in connection herewith or pursuant hereto shall prove at any time to be, in any material adverse respect, incorrect or misleading as of the date made; or

(5) the Borrower fails to comply with any provision contained in this Agreement other than those provisions elsewhere referred to in this Section 7.1 and does not cure that failure within 30 days after its receipt of written notice from the Bond Owner.

(6) the General Partner and/or the Administrative Limited Partner ceases for any reason to act in that capacity, and is not replaced with the Investor Limited Partner, Special Limited Partner (or an affiliate thereof) or another substitute General Partner or Administrative Limited Partner, as applicable, reasonably acceptable to the Bond Owner within thirty (30) days; or

The Investor Limited Partner, Special Limited Partner and/or Administrative Limited Partner shall be entitled to cure any Event of Default hereunder within any time frame provided to the Borrower hereunder, and any such timeframe to cure an Event of Default shall run concurrently with the timeframe provided to the Borrower. Issuer and Trustee agree that a cure of any default or Event of Default made or tendered by the Administrative Limited Partner, Investor Limited Partner and/or Special Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.2. Remedies. If an Event of Default exists under this Agreement, the Bond Owner, may direct the Trustee, as assignee of the rights of the Issuer to exercise any right or remedy that the Issuer has under any of the Bond Loan Documents or that is otherwise available at law or in equity or by statute, and all of such rights and remedies shall be cumulative. The Trustee shall take such actions hereunder and under the Bond Loan Documents solely as directed in writing by the Bond Owner, subject to the Trustee's rights to indemnification in the Indenture. If any Default or Event of Default occurs and is continuing, the Bond Owner's obligation under the Bond Purchase and Funding Agreement to approve funding under the Bond Loan Documents shall automatically terminate and the Bond Owner may, in its sole discretion, withhold its approval of any one or more Requisitions or any one or more disbursements. No disbursement of Bond Loan funds by the Trustee or approval of any one or more Requisitions by the Bond Owner will cure any Default or Event of Default of the Borrower, unless the Bond Owner agrees otherwise in writing in each instance. The Bond Owner may, upon the occurrence and continuance of an Event of Default but subject to any of the other Bond Loan Documents or the Indenture, instruct the Trustee to redeem the Bonds pursuant to Section 4.2 of the Indenture.

Notwithstanding anything to the contrary contained in the Indenture, this Agreement, or any of the other Bond Loan Documents, the Bond Owner has the right to instruct the Issuer and the Trustee to take any action which the Bond Owner, in its good faith discretion, deems prudent

in order to enforce any right or remedy of the Issuer or the Trustee under the Bond Loan Documents, *provided* that such action shall not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, with respect to the Trustee, subject in all respects to the express terms and conditions set forth in the Indenture, including, without limitation, Article 9 thereof.

The foregoing rights and remedies shall supplement and be in addition to the rights and remedies provided to the Bond Owner (by direction to the Trustee, or otherwise) under the Bond Purchase and Funding Agreement.

The Bond Owner has been and is hereby assigned by the Trustee all rights of the Trustee with respect to the Bond Loan (other than the Unassigned Rights) and Bond Owner may act in that regard without any consultation with or consent by the Trustee and/or the Issuer (in its own right or on in the name of the Trustee or the Issuer).

Section 7.3. Attorneys' Fees and Expenses. If an Event of Default shall exist under this Agreement and the Issuer, the Bond Owner, or the Trustee employ attorneys or actually incur other reasonable expenses for the collection of any amounts due hereunder, or for the enforcement of performance of any obligation or agreement on the part of the Borrower, the Borrower shall promptly pay upon written demand therefor, together with a reasonable accounting of such amounts due to the Issuer, the Bond Owner, or the Trustee, as applicable.

Section 7.4. Effect of Waiver. In the event any agreement contained in this Agreement is breached by any party and thereafter such breach is waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.5. The Issuer and the Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to the Borrower or the property of the Borrower, at the direction of the Bond Owner, the Trustee or the Issuer, shall be entitled and empowered, by intervention in such proceeding or otherwise:

- (1) to file and prove a claim and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Issuer and the Trustee (including any claim for the reasonable compensation, expenses, disbursements, and advances of the Issuer and Trustee, their agents, and counsel) allowed in such judicial proceeding; and
- (2) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same.

Section 7.6. Restoration of Positions. If a party has instituted any proceeding to enforce any right or remedy under this Agreement, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to a party, then and in every such case

the parties shall, subject to any determination in the proceeding, be restored to the positions they held prior to commencement of such proceedings, and thereafter all rights and remedies of the parties shall continue as though no such proceeding had been instituted.

Section 7.7. Suits To Protect the Development. If the Borrower shall fail so to do after 30 days' prior written notice from the Bond Owner, the Issuer or the Trustee, at the written direction of the Bond Owner, the Issuer or the Trustee shall have power to institute and to maintain such proceedings as either of them may reasonably deem expedient to prevent any impairment in any material respect of the Development or any portion thereof, by any acts which may be unlawful or in violation of this Agreement, and such suits and proceedings as the Issuer or the Trustee (at the written direction of the Bond Owner) may reasonably deem expedient to protect its interests in the Development or any portion thereof, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule, or order would have a Material Adverse Change or Effect on the Development or prejudicial to the interests of the Trustee in any material respect.

Section 7.8. Performance of Third Parties. The Trustee or the Issuer (in either case, with the prior consent and written direction of the Bond Owner) may permit third parties to perform any and all acts or take such action as may be necessary for and on behalf of the Borrower to cure any Event of Default hereunder. The acceptance by the Bond Owner of any such performance by third parties shall not in any way diminish or absolve the Borrower of primary liability hereunder.

Section 7.9. Exercise of the Issuer Remedies by Bond Owner. Whenever any Event of Default shall have occurred and be continuing the Trustee (but only at the written direction of the Bond Owner) may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Issuer under this Section 7 (or under the Bond Purchase and Funding Agreement, as the case may be) with notice to the Issuer.

ARTICLE 8.

GENERAL PROVISIONS

Section 8.1. Amounts Remaining in Funds. Any amounts remaining in the Funds created under Article 6 of the Indenture upon cancellation of the liens and trusts of the Indenture shall be distributed subject to the terms and conditions of the Bond Purchase and Purchase Agreement and as provided in Section 6.11 of the Indenture.

Section 8.2. Notices. All notices, demands, certificates, or other communications hereunder and under each other Bond Loan Document shall be given to all parties identified below, shall be in writing (except as otherwise expressly provided herein) and shall be sufficiently given and shall be deemed given (i) when delivered by hand delivery, telegram or Electronic Means or (ii) two days after such notice is served by depositing the same with the United States Postal Service, or any official successor thereto, designated as Registered or Certified Mail, Return Receipt Requested, bearing adequate postage, or (iii) upon delivery by reputable private courier

such as Federal Express, Airborne, DHL, or similar overnight delivery service, and addressed as hereinafter provided. Notwithstanding the foregoing, notices to the Trustee shall be deemed given only when received by the Trustee. All parties identified below may, by written notice given by each to the others, designate any address or addresses to which notices, demands, certificates, or other communications to them shall be sent when required as contemplated by this Agreement. Any notice, demand, certificate, report, financial statement, or other communication properly provided by legal counsel on behalf of any party hereunder shall be deemed properly provided by the party represented by such counsel. Until otherwise provided by the respective parties, all notices, demands, certificates, and communications to each of them shall be addressed as follows:

To the Issuer: Austin Housing Finance Corporation
1000 E. 11th Street
Austin, Texas 78702
Attn: Program Manager
Telephone: 512-974-3192

with a copy to: McCall Parkhurst & Horton LLP
717 North Harwood, Suite 900
Dallas, Texas 75201
Attention: Mark A. Malveaux
Telephone: (214) 754-9221
Email: mmalveaux@mphlegal.com

To the Borrower: 5900 Pleasant Valley LP
c/o JCM Ventures, LLC
11705 Wenonga Circle
Leawood, Kansas 66211
Attn: Jacob Mooney
Telephone: (913) 638-2500
Email: jake@jcm.ventures

with copies to: Austin Housing Finance Corporation
P.O. Box 1088
Austin, Texas 78767-8839
Attention: Shannon “Shay” Kackley
General Counsel
Email: shay.kackley@austintexas.gov

Rosenblum Goldenhersh, P.C.
7733 Forsyth Blvd., Fourth Floor
St. Louis, Missouri 63105
Attention: David Lang
Telephone: (314) 854-0416
Email: dsl@rgsz.com

To the Investor Limited Partner: RSEP Holding, LLC
c/o Red Stone Equity Partners, LLC
90 Park Avenue, 28th Floor
New York, New York 10016
Attention: General Counsel and President

with a copy to: Nixon Peabody LLP
Exchange Plaza
53 State Street
Boston, Massachusetts 02109
Attention: Roger W. Holme

To the Trustee: Zions Bancorporation, National Association
Amegy Bank Division
Attn: Corporate Trust
1801 Main Street, Suite 460
Houston, Texas 77002
Phone: 713-232-6094
Email: alyssa.surface@amegybank.com

To the Bond Owner: Zions Bancorporation, N.A. dba Amegy Bank
4576 Research Forest Drive
The Woodlands, Texas 77381
Attention: Ray Miller
Phone: (281) 297-7853
Email: ray.miller@amegybank.com

with a copy to: Greenberg Traurig LLP
1000 Louisiana Street, Suite 6700
Houston, Texas 77002
Attention: Wayne A. Yaffee
Telephone: (713) 374-3655
Email: wayne.yaffee@gtlaw.com

The Trustee agrees to accept and act upon instructions or direction pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, *provided, however*, that the Issuer and the Borrower shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which

incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer and the Borrower elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses costs or expenses arising directly or indirectly from the Trustee reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Borrower agree to assume all risks arising out of the use of such electronic methods to submit instructions and direction to the Trustee, including without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 8.3. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Bond Owner, the Issuer, and the Borrower and their respective successors and assigns. Insofar as this Agreement provides for rights of the Trustee, this Agreement shall also inure to the benefit of the Trustee.

Section 8.4. NO ORAL AGREEMENT. THIS WRITTEN FINANCING AGREEMENT AND THE OTHER BOND LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. If there is any conflict between the terms, conditions, and provisions of this Agreement and those of any other agreement or instrument, including any other Bond Loan Document, the terms, conditions, and provisions of this Agreement shall prevail.

Section 8.5. Severability. (1) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

(2) The invalidity of any one or more phrases, sentences, clauses, or paragraphs contained in this Agreement shall not affect the remaining portions of this Agreement or any part thereof.

Section 8.6. Amendments, Changes and Modifications. This Agreement may not be modified or amended except by a written agreement signed by the parties hereto and consented to by the Bond Owner). Except as otherwise provided in this Agreement or in the Indenture, subsequent to the issuance of the Bonds and before the lien of the Indenture is satisfied and discharged in accordance with its terms, this Agreement may not be effectively amended, changed, modified, altered, or terminated without the written consent of Borrower, the Holders of not less than a majority of the aggregate principal amount of the Bonds then Outstanding as provided in Article 11 of the Indenture, the Bond Owner, and the Issuer. The Bond Owner shall have the right to waive or modify, conditionally or unconditionally, the conditions to its approvals and consents provided hereunder, without the consent of any party other than the Borrower.

Section 8.7. Execution in Counterparts. This Agreement 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 8.8. Required Approvals. Consents and approvals required by this Agreement to be obtained from the Bond Owner, the Borrower, the Issuer, or the Trustee shall be in writing and shall not be unreasonably withheld, conditioned or delayed unless otherwise specifically provided herein. All surveys, appraisals, insurance policies, construction contracts and subcontracts, leases, plans and specifications, legal opinions, requests for disbursement, and other Bond Loan Documents and items required for the Loan shall be reasonably satisfactory to the Bond Owner in all respects (the Bond Owner may, at its option, condition any such approval on the approval by the Investor Limited Partner and/or the Issuer).

Section 8.9. Limitation on Issuer's Liability. All covenants, obligations and agreements of the Issuer contained in this Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future official, director, officer, employee, agent or attorney of the Issuer in other than his official capacity, and no official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Agreement or in the Indenture. No provision, covenant or agreement contained in this Agreement, the Indenture, the Bond Purchase and Funding Agreement, or the Bonds, or any obligation herein or therein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge. No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Issuer contained in this Agreement or in any Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Issuer contained in any agreement, instrument, or certificate executed in connection with the Development or the issuance and sale of the Bonds, against any member of the governing board of the Issuer, its officers, counsel, financial advisor, employees or agents, as such, in his or her individual capacity, past, present, or future, or of any successor thereto, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any member of the governing board, officers, counsel, financial advisors, employees or agents, as such, in his or her individual capacity, past, present, or future, of the Issuer or of any successor thereto, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the Issuer and the Trustee or the Borrower to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such director, officer, counsel, financial advisor, employee or agent, is, by the execution of the Bonds, this Agreement, and the Indenture, and as a condition of, and as part of the consideration for, the execution of the Bonds, this Agreement, and the Indenture, expressly waived and released.

Section 8.10. Limitation on Investor Limited Partner's and Special Limited Partner's Liability. The parties to this Agreement hereby acknowledge and agree that the Investor Limited

Partner and Special Limited Partner shall not have any liability to the other parties or to any third party as a general partner of the Borrower resulting from any action taken by the Investor Limited Partner and/or Special Limited Partner pursuant to the Partnership Agreement, unless and until the Investor Limited Partner and/or Special Limited Partner is admitted to the Borrower entity as a general partner or if arising as a result of the fraud or misrepresentation of the Investor Limited Partner and/or Special Limited Partner. Except as applicable law provides otherwise, each of the Issuer and the Bond Owner agrees that it will not, in connection with any demand, claim or legal action concerning the Bond Loan or Loan Documents, claim that the Investor Limited Partner and/or Special Limited Partner is liable as a general partner as a result of the Investor Limited Partner and/or Special Limited Partner allegedly participating in the control of the Borrower for any reason or any action taken by either of them pursuant to its powers as a Limited Partner under the Partnership Agreement.

Section 8.11. No Waiver; Consents. No alleged waiver by the Trustee, the Bond Owner, the Borrower, or the Issuer will be effective unless in writing, and no waiver will be construed as a continuing waiver. No waiver may be implied from any delay or failure by the Trustee, the Bond Owner, the Borrower, or the Issuer to take action on account of any default or to exercise any right or remedy or any security. Consent by the Trustee, the Bond Owner, the Borrower or the Issuer to any act or omission may not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for consent to be obtained in any future or other instance. All rights and remedies are cumulative.

Section 8.12. Purpose and Effect of Bond Owner Approval. The Bond Owner's approval of any matter in connection with the Bond Loan is for the sole purpose of protecting the Issuer's security and rights of the Trustee and the Bond Owner. No such approval will result in a waiver of any Event of Default hereunder.

Section 8.13. Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of the Bond Owner, the Issuer, and the Borrower and their permitted successors and assigns and, to the extent expressly set forth herein, the Trustee. The parties hereto expressly recognize that the Trustee is a third party beneficiary to this Agreement and may enforce any right, remedy or claim conferred, given or granted hereunder. No trust fund is created by this Agreement, and no other persons or entities have any right of action under this Agreement or any right to the proceeds of the Bond Loan.

Section 8.14. Authority to File Notices. The Borrower irrevocably appoints the Bond Owner as its attorney-in-fact, with full power of substitution, following the occurrence and during the continuance of an Event of Default to file or record, at the Borrower's cost and expense and in the Borrower's name, any notices of completion, notices of cessation of labor, or any other notices that the Bond Owner in its sole discretion considers necessary or desirable to protect the Development, if the Borrower fails to do so after receipt of five days' prior written notice from the Bond Owner. Nothing in this Section 8.14 shall impose any obligations on the Bond Owner.

Section 8.15. Affirmative Action. The Borrower shall not discriminate in its employment practices against any employee or applicant for employment because of the applicant's race, creed,

religion, national origin or ancestry, sex, age, sexual orientation or preference, marital status, color, physical disability, familial status and disability, mental condition or medical condition, including pregnancy, childbirth, or related condition.

Section 8.16. Actions. Each of the Trustee, the Bond Owner, and the Issuer has the right, but not the obligation, to commence, appear in, and defend any action or proceeding that might affect its security or its rights, duties, or liabilities relating to the Loan, the Development, or any of the Bond Loan Documents pursuant to the terms of Section 5.2 hereof and otherwise in this Agreement and the other Bond Loan Documents. The Borrower must pay promptly on demand all of the Trustee's, the Bond Owner's, and the Issuer's reasonable out-of-pocket costs, expenses, and legal fees and expenses of the Trustee's, the Bond Owner's, and the Issuer's counsel incurred in those actions or proceedings.

Section 8.17. Attorneys' Fees. In any lawsuit, reference, or arbitration arising out of or relating to this Agreement, the Bond Loan Documents, or the Bond Loan, including but not limited to any alleged tort action, regardless of which party commences the action, the prevailing party will be entitled to recover from each other party such sums as the court, referee, or arbitrator adjudges to be reasonable attorneys' fees in the action, reference, or proceeding, in addition to reasonable costs and expenses otherwise allowed by law. Any reasonable attorneys' fees actually incurred by a party in enforcing a judgment in its favor under this Agreement will be recoverable separately from and in addition to any other amount included in such judgment, and the attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any judgment. In all other situations, including any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships, the Borrower agrees to pay all of the Trustee's, the Bond Owner's, and the Issuer's costs and expenses, including reasonable attorneys' fees, that may be incurred in any effort to collect or enforce the Bond Loan or any part of it or any term of any Bond Loan Document; from the time(s) incurred until paid in full, all such sums will bear interest at the Default Rate.

Section 8.18. Reserved.

Section 8.19. Applicable Law. This Agreement is governed by the laws of the State of Texas without regard to the choice of law rules of that State.

Section 8.20. Heirs, Successors, and Assigns Participation. The terms of this Agreement will bind and benefit the heirs, legal representatives, successors, and assigns of the parties; *provided, however,* that the Borrower may not assign this Agreement or any Loan proceeds or assign or delegate any of its rights or obligations, without the prior written consent of the Bond Owner and the Issuer in each instance. Also without notice to or the consent of the Borrower, the Bond Owner, and the Issuer may disclose to any actual or prospective purchaser of any securities issued or to be issued by the Bond Owner or the Issuer and to any actual or prospective purchaser or assignee of any participation or other interest in the Bond Loan, the Bonds, or any other loans made by the Bond Owner or the Issuer to the Borrower (whether under this Agreement or otherwise), any financial or other information, data, or material in Bond Owner's possession relating to the Borrower, any partners of the Borrower, the Bond Loan, or the Development.

Nothing in this Agreement shall impose any restrictions on the ability of the Holders of the Bonds to sell or otherwise transfer the Bonds (which shall in any event be subject to the terms of the Bond Purchase and Funding Agreement).

Section 8.21. Relationships With Other Bond Owner Customers. From time to time, the Bond Owner may have business relationships with the Borrower's customers, suppliers, contractors, tenants, partners, shareholders, officers, or directors, or with businesses offering products or services similar to those of the Borrower, or with Persons seeking to invest in, borrow from or lend to the Borrower. The Borrower agrees that the Bond Owner may extend credit to such parties and take any action it deems necessary to collect the credit, regardless of the effect that such extension or collection of credit may have on the Borrower's financial condition or operations. The Borrower further agrees that in no event will the Bond Owner be obligated to disclose to the Borrower any information concerning any other customer of the Bond Owner.

Section 8.22. Improvement District. The Borrower may not vote in favor of, or directly or indirectly advocate or assist in, the incorporation of any part of the Development into any improvement or utility district, special assessment district, or other district without the Bond Owner's prior written consent in each instance.

Section 8.23. Interpretation. The language of this Agreement must be construed as a whole according to its fair meaning, and not strictly for or against any party. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender and the neuter state will include the other gender and the neuter state. The captions of the sections of this Agreement are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to." No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Agreement. The schedules to this Agreement are hereby incorporated in this Agreement.

Section 8.24. Miscellaneous. Time is of the essence in the performance by the Borrower of its obligations under this Agreement and the other Bond Loan Documents. Any irreconcilability or inconsistency or conflict between the terms of the Bond Mortgage and the terms of this Agreement or the Indenture shall be governed and controlled by the terms of this Agreement or the Indenture, as applicable. Except with respect to any covenants, agreement, representations or warranties with respect to the Federal Tax Status of the Bonds, any irreconcilability or inconsistency or conflict between the terms of this Agreement and/or the Indenture with the terms of the Bond Purchase and Funding Agreement shall be governed and controlled by the Bond Purchase and Funding Agreement. Further, notwithstanding anything herein or in the Financing Agreement to the contrary, the Trustee (as assignee of Issuer) shall only enforce the rights and remedies of the Issuer hereunder under the Bond Mortgage, the Indenture (as provided therein), or under the Financing Agreement at the written direction of the Bond Owner.

Section 8.25. Compliance with Usury Laws. Notwithstanding any provision of this Agreement, the Bond Loan Note, or any of the Bond Loan Documents to the contrary, it is hereby agreed that in no event (including without limitation the acceleration of the Bond Loan Note) shall

the amount of interest contracted for, charged, received, reserved, or taken in connection with the Bond Loan (including interest on the Bond Loan Note together with any other costs or considerations that constitute interest under applicable law which are contracted for, charged, received, reserved, or taken pursuant to the Bond Loan Documents) (“*Interest*”), cause the rate of interest on the Bond Loan Note to exceed the Maximum Lawful Rate. For purposes of this Section 8.25 to the maximum extent permitted by law, Interest shall be: (i) spread over the term of the Bond Loan; (ii) if appropriate, characterized as a premium for the privilege of making an optional prepayment of the Bond Loan; and (iii) computed after giving effect to the provisions of any other Bond Loan Documents which require the cancellation or refunding of Interest. Default Rate interest, if any (after the application of the foregoing provisions), provided for in this Agreement, the Bond Loan Note, or any of the Bond Loan Documents shall be canceled automatically as of the date of such acceleration or mandatory prepayment or, if theretofore paid, shall be credited on the principal of the Bond Loan Note or if the principal of the Bond Loan Note has been paid in full, refunded to the Borrower. The provisions of this Section 8.25 shall control all agreements, whether now or hereafter existing and whether written or oral, by the Issuer, the Borrower, the Trustee, and the Holders, but such provisions may not cause interest on the Bonds to exceed the Maximum Lawful Rate.

This Agreement is also subject to the condition that amounts paid hereunder representing late payments or penalty charges or the like shall only be payable to the extent permitted by State law or applicable federal law.

Section 8.26. Venue. Notwithstanding anything to the contrary set forth in the Agreement and/or any of the other Bond Loan Documents, the parties hereto hereby agree that the state and federal courts located in Harris County, Texas, shall have exclusive jurisdiction and venue with respect to all actions brought by or against any party under or pursuant to this Agreement.

Section 8.27. WAIVER OF SPECIAL DAMAGES. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER SHALL NOT ASSERT, AND HEREBY WAIVES, ANY CLAIM AGAINST THE BOND OWNER, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS AGREEMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY, THE TRANSACTIONS, THE BONDS, THE LOAN OR THE USE OF THE PROCEEDS THEREOF.

Section 8.28. No Offset. All payments due by Borrower to Issuer under the Bond Loan Documents are to be made by the Borrower without offset or other reduction.

Section 8.29. Electronic Transactions. The transactions described in this Agreement and the other Bond Loan Documents may be conducted and related documents may be sent, received or stored by Electronic Means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 8.30. Dispute Resolution. If a dispute arises from or relates to this Agreement or any other Bond Loan Document or the alleged breach of this Agreement or such other Bond Loan Document, and if the dispute cannot be settled based through negotiations within 30 days, the parties agree to resolve the dispute based on the dispute resolution provision in the Bond Purchase and Funding Agreement.

[REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the day and year first above written.

BORROWER:

5900 PLEASANT VALLEY, LP,
a Texas limited partnership

By: AHFC Pleasant Valley Non-Profit
Corporation, a Texas nonprofit
corporation, its General Partner

By: _____

Name: James May

Title: Secretary and Treasurer

[SIGNATURES CONTINUE NEXT PAGE]

ISSUER:

AUSTIN HOUSING FINANCE CORPORATION

By: _____
Name: Deletta Dean
Title: Treasurer

[SIGNATURES CONTINUE NEXT PAGE]

JOINED IN, AND ACKNOWLEDGED BY THE
BOND OWNER:

ZIONS BANCORPORATION, N.A.
DBA AMEGY BANK

By: _____
Name: Ray Miller
Title: Senior Vice President

SCHEDULE A

LEGAL DESCRIPTION OF DEVELOPMENT

As described in the Bond Mortgage

EXHIBIT A

\$[_____]

**Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Sycamores at Pleasant Valley), Series 2025**

COMPLETION CERTIFICATE

Pursuant to Section 4.7 of the Financing Agreement (the “*Financing Agreement*”) between Austin Housing Finance Corporation (the “*Issuer*”) and 5900 Pleasant Valley, LP, a Texas Limited Partnership (the “*Borrower*”), dated as of September 1, 2025, relating to the captioned Bonds, the undersigned Authorized Borrower Representative hereby certifies that (with capitalized words and terms used and not defined in this Certificate having the meanings assigned or referenced in the Financing Agreement or the Tax Exemption Agreement):

(a) The Development was substantially completed and available and suitable for use as multifamily housing on _____ (the “*Completion Date*”).

(b) The acquisition, construction, equipping and improvement of the Development has been accomplished in such a manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other similar governmental regulations.

(c) The costs of the Development financed with the loan from the Issuer were \$_____.

(d) The applicable government having jurisdiction over the Development has issued certificates of occupancy with respect to each building in the Development.

(e) The proceeds of the Bonds were used in accordance with the requirements of the Tax Exemption Agreement, including the requirement that at least 95% of the proceeds of the Bonds be expended for Qualified Development Costs and no more than 2% of the proceeds of the Bonds be expended for Costs of Issuance. The Development will be operated in accordance with the terms of the Tax Exemption Agreement and the Regulatory Agreement.

(f) All obligations and costs in connection with the Development and payable out of the Development Fund have been paid and discharged except for amounts retained by the Trustee for the payment of Development Costs not then due and payable or then in dispute as provided in the Financing Agreement.

(g) This Certificate is given without prejudice to any rights against third parties that now exist or subsequently may come into being.

IN WITNESS WHEREOF, the Authorized Borrower Representative has set his or her hand as of the ____ day of _____, 20__.

AUTHORIZED BORROWER REPRESENTATIVE

By:_____