

REGULATORY AND LAND USE RESTRICTION AGREEMENT

Among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer,

WILMINGTON TRUST, NATIONAL ASSOCIATION,
a national banking association,
as Trustee,

and

TCD MCM, LP,
a Texas limited partnership,
as Borrower

Dated as of January 1, 2019

Relating to

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Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(McMullen Square)
Series 2019

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REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (as amended, modified or supplemented from time to time, this “Agreement” or this “Regulatory Agreement”) dated as of January 1, 2019 is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the “Issuer”), a public and official agency of the State of Texas (the “State”), **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee under the hereinafter defined Indenture (together with any successor trustee under the Indenture described below and their respective successors and assigns, the “Trustee”), and **TCD MCM, LP**, a Texas limited partnership (together with its permitted successors and assigns, the “Borrower”).

RECITALS

WHEREAS, pursuant to the Act (as hereinafter defined), the Issuer is authorized to issue bonds and to use the proceeds thereof to provide monies to aid in financing the acquisition, equipping and rehabilitation of residential rental property for dwelling units in the State; and

WHEREAS, the Borrower has requested the assistance of the Issuer in financing a multifamily residential rental housing development located on the real property described in Exhibit A hereto (the “Development Site”) and described in Exhibit B-1 hereto (the “Development Facilities” and, together with the Development Site, the “Development”), and, as a condition to such assistance, the Borrower has agreed to enter into this Regulatory Agreement, setting forth certain restrictions with respect to the Development; and

WHEREAS, the Issuer has determined to assist in the financing of the Development by issuing its Multifamily Housing Revenue Bonds (McMullen Square), Series 2019 (the “Bonds”), and loaning the proceeds of such Bonds to the Borrower, upon the terms and conditions set forth in the Loan Agreement (as hereinafter defined); and

WHEREAS, in order for interest on the Bonds to be excludable from gross income for federal income tax purposes under the Code (as defined herein) and the Regulations (as defined herein) and rulings with respect to the Code, and in order to comply with the Act, the use and operation of the Development must be restricted in certain respects; and

WHEREAS, the Issuer, the Trustee and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, equipping, rehabilitation and operation of the Development and in order to ensure that the Development will be acquired, rehabilitated, used and operated in accordance with the Code and the Act.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer, the Trustee and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. In addition to terms defined above, capitalized terms have the respective meanings assigned to them in this Section 1 or as elsewhere defined in this Regulatory Agreement, in the Indenture, the Loan Agreement or in the Tax Exemption Agreement, unless the context in which they are used clearly requires otherwise:

“Act” means Chapter 2306, Texas Government Code, as amended from time to time.

“**Agreement**” or “**Regulatory Agreement**” means this Regulatory and Land Use Restriction Agreement, as it may be amended from time to time.

“**Annual Income**” means the anticipated annual income of a person (together with the anticipated annual income of all persons that intend to reside with such person in one Unit) calculated pursuant to Section 8 of the Housing Act, as required by Section 142(d) of the Code.

“**Available Unit**” means a Unit (except for any Unit reserved for any resident manager, security personnel or maintenance personnel that is reasonably required for the Development) that has been leased at least once after becoming available for occupancy; provided that (a) a residential unit that is unoccupied on the later of (i) the date the Development is acquired by the Borrower or (ii) the Closing Date is not an “Available Unit” and does not become an “Available Unit” until it has been leased for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an “Available Unit” and does not become an “Available Unit” until it has been leased for the first time after the renovations are completed.

“**Bond Counsel**” means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes, and initially means Bracewell LLP.

“**Closing Date**” means the date upon which the Bonds are issued and delivered in exchange for the proceeds representing the purchase price of the Bonds paid by the original purchasers thereof.

“**Code**” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“**Compliance Monitoring Rules**” means the rules published by the Issuer in Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code.

[“**Credit Provider**” means [_____].]

“**Development**” means the Development Facilities and the Development Site.

“**Development Amenities**” means the amenities for which the Development was awarded points by the Issuer, pursuant to Section 2306.359 of the Texas Government Code, during the Private Activity Bond Program application scoring process, as more fully set forth in Exhibit B-2 hereto.

“**Development Facilities**” means the multifamily housing structure and related buildings and other improvements on the Development Site as more fully set forth in Exhibit B-1 hereto, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Development.

“**Development Site**” means the parcel or parcels of real property described in Exhibit A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances appertaining thereunto.

“**Eligible Tenants**” means (a) individuals and families of low, very low and extremely low income, (b) families of moderate income (in each case in the foregoing clauses (a) and (b) as such terms are defined

by the Issuer under the Act), and (c) Persons with Special Needs, in each case, with an Annual Income not in excess of 140% of the area median income; provided that all Low-Income Tenants are Eligible Tenants.

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

“Indenture” means the Indenture of Trust of even date herewith between the Issuer and the Trustee, relating to the issuance of the Bonds, and any indenture supplemental thereto.

“Lender” has the meaning set forth in the Indenture.

“Loan” means the loan of a portion of the proceeds of the Bonds made by the Issuer to the Borrower as evidenced by the Bond Note.

“Loan Agreement” means the Loan Agreement of even date herewith among the Issuer, the Bondholder Representative and the Borrower, as it may be amended, modified, supplemented or restated from time to time to the extent permitted by the Indenture.

“Loan Documents” means the Security Instrument, the Bond Note, the Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement, and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Loan.

“Low-Income Tenant” means a tenant whose Annual Income is 60% or less of the Multifamily Tax Subsidy Program Income Limit, as determined under Sections 142(d)(2)(B) and (E) of the Code and in accordance with this Regulatory Agreement. If all the occupants of a Unit are students (as defined for the purposes of Section 152(f)(2) of the Code) no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants will not qualify as Low-Income Tenants unless such students meet the qualifications under Section 42(i)(3)(D) of the Code.

“Low-Income Unit” means a Unit that is included as a Unit satisfying the requirements of the Set Aside.

“Multifamily Tax Subsidy Program Income Limit” (or successor term) means the income limits provided by HUD pursuant to Section 142(d) of the Code.

“Organizational Documents” means the Second Amended and Restated Limited Partnership Agreement of the Borrower dated as of January __, 2019, as the same may be amended, modified, supplemented or restated from time to time.

“Persons with Special Needs” means persons who (a) are considered to be individuals having a disability under State or federal law, (b) are elderly, meaning 62 years of age or more or of an age specified by the applicable federal program, (c) are designated by the governing board of the Issuer as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise, or (d) are legally responsible for caring for an individual described by clauses (a), (b) or (c) above and meet the income guidelines established by the governing board of the Issuer.

“Qualified Project Period” means, with respect to the Development, the period beginning on the

first day on which 10 percent of the Units are occupied (which date may be the Closing Date) and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied (which date may be the Closing Date), (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued with respect to the Development is outstanding for federal income tax purposes, or (c) the date on which any assistance provided with respect to the Development under Section 8 of the Housing Act terminates.

“**Regulations**” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“**Related Person**” has the meaning set forth in section 144(a)(3) of the Code. A person is a “Related Person” to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears therein).

“**Replacement Reserve**” means the account established by the Replacement Reserve and Security Agreement.

“**Replacement Reserve Agreement**” means the Replacement Reserve and Security Agreement dated the date hereof by and between the Borrower and the [Credit Provider].

“**Security Instrument**” means the Multifamily Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing of even date herewith, from the Borrower as grantor to the Issuer as beneficiary (as assigned to the Trustee) with respect to the Project, as the same may from time to time be replaced, amended or supplemented as provided therein and in the Indenture.

“**Set Aside**” means the requirement that at least 40% of the Available Units be occupied or held vacant for occupancy at all times by Low-Income Tenants.

“**State Reserve Period**” means, with respect to the Development, the period beginning on the Closing Date and ending on the earliest of the following dates: (a) the date of any involuntary change in ownership of the Development; (b) the date on which the Borrower suffers a total casualty loss with respect to the Development or the date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored; (c) the date on which the Development is demolished; (d) the date on which the Development ceases to be used as multifamily rental property; or (e) the end of the State Restrictive Period.

“**State Restrictive Period**” means, with respect to the Development, the period beginning on the first day on which the Borrower takes legal possession of the Development and ending on the latest of (a) the date that is 35 years (as a result of the Borrower’s election to extend the affordability period) after the first day of the State Restrictive Period, (b) the first date on which no tax-exempt private activity bond issued with respect to the Development is outstanding for federal income tax purposes, and (c) the date on which any assistance provided with respect to the Development from the federal government terminates.

“**Tax Exemption Agreement**” means the Tax Exemption Certificate and Agreement of even date herewith among the Issuer, the Trustee and the Borrower, as in effect on the Closing Date and as it may thereafter be amended or supplemented or restated in accordance with its terms.

“**Tenant Income Certification**” means a certification form available on the Issuer’s website at the

time of submission used to certify income and other matters executed by the household members of each Unit in the Development.

“**Unit**” means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation located within the Development; provided that, a unit will not fail to be treated as a Unit merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code).

“**Unit Status Report**” means the certified residential rental housing program compliance report with respect to the Development to be filed by the Borrower with the Issuer electronically through the filing system available on the Issuer’s website in the form available on the Issuer’s website at the time of submission of the report or in such other form as the Issuer may reasonably prescribe in writing to the Borrower pursuant to Section 4(e) hereof.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender include each other gender, and words of the singular number include the plural number, and vice versa. This Regulatory Agreement and all the terms and provisions hereof are to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms are to be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and do not in any way modify or restrict any of the terms or provisions hereof and are not to be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent arises.

Section 1A. Acquisition, Equipping and Rehabilitation of the Development. The Borrower hereby represents, covenants and agrees as follows:

(a) The statements made in the various certificates delivered by the Borrower to the Issuer or the Trustee or both, including specifically the representations and expectations set forth in the Tax Exemption Agreement, are true and correct in all material respects as and when made.

(b) [Reserved].

(c) The Borrower will submit to the Issuer and the Trustee evidence of construction completion as required in the Loan Agreement and within 30 days of completion in the format prescribed by the Issuer as required pursuant to Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code. The Borrower further agrees to cause the architect of record to submit a certification that the Development was rehabilitated in compliance with all applicable laws and the engineer of record (if applicable) must submit a certification that the Development was rehabilitated in compliance with design requirements.

(d) The Borrower will take or not fail to take, as is applicable, all actions necessary to cause the Proceeds to be applied in a manner consistent with the requirements of the Indenture, the Loan Agreement, the Tax Exemption Agreement and this Regulatory Agreement. The Borrower acknowledges that such requirements have been designed for the purpose of ensuring compliance with the provisions of the Act or the Code applicable to the Borrower and the Development.

- (e) The Borrower is a qualified “housing sponsor” as defined in the Act.

Section 2. Tax-Exempt Status of the Bonds. The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes (subject to any exceptions contained in the opinion delivered upon the original issuance of the Bonds). With the intent not to limit the generality of the foregoing, the Borrower represents, covenants and agrees that prior to the final maturity of the Bonds, unless it has received and filed with the Issuer and Trustee a Favorable Opinion of Bond Counsel:

(a) That the Development will be owned, managed and operated as a “qualified residential rental project” within the meaning of Section 142(d) of the Code, on a continuous basis during the Qualified Project Period. In particular, the Borrower covenants and agrees, continuously during the Qualified Project Period, as follows:

(i) that the Development will be comprised of residential Units and facilities functionally related and subordinate thereto;

(ii) that each Unit will contain complete facilities for living, sleeping, eating, cooking and sanitation, e.g., a living area, a sleeping area, bathing and sanitation facilities, and cooking facilities equipped with a cooking range, refrigerator and sink, all of which are separate and distinct from other Units; provided that, a Unit will not fail to meet these requirements merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code);

(iii) that the land and the facilities that are part of the Development will be functionally related and subordinate to the Units comprising the Development and will be of a character and size that is commensurate with the character and size of the Development;

(iv) that at no time during the Qualified Project Period will any of the Units be utilized (A) on a transient basis by being leased or rented for a period of less than thirty days or (B) as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer park or court used on a transient basis;

(v) that the Development will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (A) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (B) will be owned by the same person for federal income tax purposes, and (C) will be financed pursuant to a common plan;

(vi) that substantially all of the Development will consist of similarly constructed Units together with functionally related and subordinate facilities for use by Development tenants at no additional charge, such as swimming pools, other recreational facilities, parking areas, and other facilities that are reasonably required for the Development, such as heating and cooling equipment, trash disposal equipment, and Units for resident managers, security personnel or maintenance personnel;

(vii) that at no time during the Qualified Project Period will any Unit in any building or structure in the Development that contains fewer than five Units be occupied by the Borrower;

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in this Regulatory Agreement, the Tax Exemption Agreement and the Loan Agreement) at all times during the longer of (A) the term of the Bonds or (B) the Qualified Project Period, that the Borrower will not give preference in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low-Income Tenants and other Eligible Tenants as provided herein, 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;

(ix) that the Development will meet the Set Aside. For the purposes of this Section 2(a)(ix), a vacant Unit that was most recently occupied by a Low-Income Tenant is treated as rented and occupied by a Low-Income Tenant until reoccupied, at which time the character of such Unit must be redetermined. No tenant qualifying as a Low-Income Tenant will be denied continued occupancy of a Unit because, after the most recent Tenant Income Certification, such tenant's Annual Income increases to exceed the qualifying limit for Low-Income Tenants; provided, however, that, should a Low-Income Tenant's Annual Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low-Income Tenant of the same family size and such Low-Income Tenant constitutes a portion of the Set Aside, then such tenant will only continue to qualify for so long as no Unit of comparable or smaller size in the same building (within the meaning of Section 42 of the Code) is rented to a tenant that does not qualify as a Low-Income Tenant;

(x) that the Borrower will obtain, complete and maintain on file (A) Tenant Income Certifications and supporting documentation from each Low-Income Tenant dated immediately prior to the initial occupancy of such Low-Income Tenant in the Development and (B) thereafter, annual certification regarding, at a minimum, information regarding household composition and student status in the form available on the Issuer's website; provided that, if any Units in the Development are ever made available to tenants who are not Low-Income Tenants, then the Borrower will obtain, complete and maintain annual Tenant Income Certifications in accordance with Section 142(d)(3)(A) of the Code. The Borrower will obtain such additional information as may be required in the future by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations that are tax-exempt private activity bonds described in Section 142(d) of the Code. The Borrower will make a diligent and good-faith effort to determine that the income information provided by an applicant in any certification is accurate by taking steps required under Section 142(d) of the Code pursuant to provisions of the Housing Act. As part of the verification, the Borrower will document income and assets in accordance with HUD Handbook 4350.3 and the Issuer's Compliance Monitoring Rules;

(xi) that, on or before each March 31, the Borrower will submit to the Secretary of the Treasury, with a copy provided to the Issuer, the completed Internal Revenue Service

Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Development continues to meet the requirements of Section 142(d) of the Code; and

(xii) that the Borrower will prepare and submit the Unit Status Report in the form available on the Issuer's website at the time of such submission to the Issuer (via the electronic filing system available on the Issuer's website). The Borrower will retain all documentation required by this Section 2(a)(xii) until the date that is three years after the end of the Qualified Project Period.

(b) That the Borrower will maintain complete and accurate records pertaining to the Low-Income Units and will permit, at all reasonable times during normal business hours and upon reasonable notice, and subject to the rights of tenants in lawful possession, any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to enter upon the Development Site to examine and inspect the Development and to inspect and photocopy the books and records of the Borrower pertaining to the Development, including those records pertaining to the occupancy of the Low-Income Units. The Borrower will retain all records maintained in accordance with this Section 2 until the date that is three years after the end of the Qualified Project Period.

(c) That, as of the Closing Date, 50% of the Units are occupied.

(d) That the Borrower will prepare and submit to the Issuer and the Trustee, within 60 days prior to the last day of the Qualified Project Period, a certificate setting forth the date on which the Qualified Project Period will end, which certificate must be in recordable form; however, failure to deliver such certificate shall not extend the Qualified Project Period.

Anything in this Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer and the Trustee may rely conclusively on the truth and accuracy of any certificate, opinion, notice, representation or instrument made or provided by the Borrower in order to establish the existence of any fact or statement of affairs solely within the knowledge of the Borrower, and which is required to be noticed, represented or certified by the Borrower hereunder or in connection with any filings, representations or certifications required to be made by the Borrower in connection with the issuance and delivery of the Bonds.

Section 3. Modification of Tax and State Restrictive Covenants. The Borrower, the Trustee and the Issuer hereby agree as follows:

(a) During the Qualified Project Period and the State Restrictive Period, to the extent any amendments to the Act or the Code, in the written opinion of Bond Counsel filed with the Issuer, the Trustee, and the Borrower, impose requirements upon the ownership or operation of the Development more restrictive than those imposed by this Regulatory Agreement, this Regulatory Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as is necessary to document such automatic amendment hereof. In addition, this Regulatory Agreement will be amended to the extent required by, and in accordance with, the Loan Agreement.

(b) During the Qualified Project Period and the State Restrictive Period, to the extent that the Act, the Code, or any amendments thereto, in the written opinion of Bond Counsel filed with the Issuer, the Trustee, and the Borrower, impose requirements upon the ownership or

operation of the Development less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee, and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All costs, including fees and out-of-pocket expenses actually incurred by the Issuer and the Trustee, in connection with compliance with the requirements of this Section will be paid by the Borrower and its successors in interest.

Section 4. Housing Development During the State Restrictive Period. The Issuer and the Borrower hereby recognize and declare their understanding and intent that the Development is to be owned, managed and operated as a “housing development,” as such term is defined in Section 2306.004(13) of the Act, and in compliance with applicable restrictions and limitations as provided in the Act and the rules of the Issuer until the expiration of the State Restrictive Period.

To the same end, the Borrower hereby represents, covenants and agrees as follows during the State Restrictive Period:

(a) except for Units occupied or reserved for a resident manager, security personnel and maintenance personnel that are reasonably required for the Development, to assure that 100% of the Units are reserved for Eligible Tenants;

(b) to assure that the provisions of Sections 2(a)(viii) and 2(a)(ix) hereof continue in full force and effect until the end of the State Restrictive Period;

(c) to obtain a Tenant Income Certification from each tenant in the Development (other than resident managers, security personnel and maintenance personnel) not later than the date of such tenant’s initial occupancy of a Unit in the Development, and, if required as described in Section 2(a)(x) hereof, at least annually thereafter in the manner as described in Section 2(a)(x) hereof, and to maintain a file of all such Tenant Income Certifications, together with all supporting documentation, for a period of not less than three years after the end of the State Restrictive Period;

(d) to obtain from each tenant in the Development (other than resident managers, security personnel and maintenance personnel), at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance in such form provided by the Issuer to the Borrower from time to time that (i) such lease is subordinate to the Security Instrument and this Regulatory Agreement, (ii) all statements made in the Tenant Income Certification submitted by such tenant are accurate, (iii) the family income and eligibility requirements of this Regulatory Agreement and the Loan Agreement are substantial and material obligations of tenancy in the Development, (iv) such tenant will comply promptly with all requests for information with respect to such requirements from the Borrower, the Trustee and the Issuer, and (v) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the Development;

(e) to cause to be prepared and submitted to the Issuer (via the electronic filing system available on the Issuer’s website) by the tenth calendar day of each January, April, July and October or other schedule as determined by the Issuer with written notice to the Borrower, a certified quarterly Unit Status Report in a form available on the Issuer’s website at the time of submission or in such other form as the Issuer may reasonably prescribe in writing to the Borrower

with the first quarterly report due on the first quarterly reporting date after leasing activity commences;

(f) to the extent legally permissible and upon reasonable notice to permit any duly authorized representative of the Issuer or the Trustee to inspect the books and records of the Borrower pertaining to the Development or the incomes of Development tenants, including but not limited to tenant files, during regular business hours and to make copies therefrom if so desired and file such reports as are necessary to meet the Issuer's requirements;

(g) that the Borrower is qualified to be a "housing sponsor" as defined in the Act and will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Issuer's website) the Annual Owner's Compliance Report to the Issuer in the form available on the Issuer's website at the time of submission by April 30 of each year, commencing April 30, 2021;

(h) to provide social services which must meet the minimum point requirement and be chosen from the list of Tenant Supportive Services attached hereto as Exhibit C and agreed to in writing by the Issuer. The Borrower must maintain documentation satisfactory to the Issuer of social services provided and such documentation will be reviewed during onsite visits beginning with the second onsite review and must be submitted to the Issuer upon request. The Borrower must provide the social services throughout the State Restrictive Period;

(i) to comply with Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code, regarding tenant and manager selection, as such requirements may be amended from time to time;

(j) to maintain the property in compliance with HUD's Uniform Physical Condition Standards and to provide regular maintenance to keep the Development sanitary, safe and decent and to comply with the requirements of Section 2306.186 of the Texas Government Code; provided, however, that the Issuer must first provide notice of any default or breach to the Borrower and the Lender, and the Borrower will have 30 days to cure such default or breach;

(k) to renew any available rental subsidies which are sufficient to maintain the economic viability of the Development pursuant to Section 2306.185(c) of the Texas Government Code;

(l) the Borrower is not a party to and will not enter into a contract for the Development with, a housing developer that (i) is on the Issuer's debarred list, including any parts of that list that are derived from the debarred list of HUD; (ii) breached a contract with a public agency; or (iii) misrepresented to a subcontractor the extent to which the Borrower has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Borrower's participation in contracts with the agency and the amount of financial assistance awarded to the Borrower by the agency;

(m) to cooperate fully with the Issuer with respect to its compliance and oversight requirements and to cause the manager of the Development to so comply;

(n) to ensure that Units intended to satisfy the Set Aside under Section 2(a)(ix) hereof will be distributed evenly throughout the Development and will include a reasonably proportionate amount of each type of Unit available in the Development; and

(o) to ensure that the Development conforms to the federal Fair Housing Act.

Section 4.A. Repairs and Maintenance Required by State Law. The Borrower will maintain the Replacement Reserve required by and created pursuant to the Replacement Reserve Agreement or a similar account for the longer of: (a) the period of time required pursuant to the Replacement Reserve Agreement, or (b) the State Reserve Period as required by Section 2306.186 of the Texas Government Code.

Section 4.B. Development Amenities. The Borrower hereby represents, covenants and agrees that the Development will include the Development Amenities as described in Exhibit B-2 attached hereto.

Section 5. [Reserved].

Section 6. Persons With Special Needs. The Borrower represents, covenants and warrants that during the State Restrictive Period, it will make at least 5% of the Units within the Development available for occupancy by Persons with Special Needs.

Section 7. Consideration. The Issuer has issued the Bonds to provide funds to make the Loan to finance the Development, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate, equip and operate the Development. In consideration of the issuance of the Bonds by the Issuer, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Development can be put on the terms and conditions set forth herein.

Section 8. Reliance. The Issuer, the Trustee, and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all Persons interested in the legality and validity of the Bonds, and in the excludability from gross income of interest on the Bonds for federal income tax purposes under existing law. In performing their duties and obligations hereunder, the Issuer, the Borrower, and the Trustee may rely upon statements and certificates of the Low-Income Tenants or Eligible Tenants and the Issuer and the Trustee may rely upon statements and certifications by the Borrower and upon audits of the books and records of the Borrower pertaining to the Development. In addition, the Issuer, the Borrower, and the Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by the Issuer, the Borrower, or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default by the Borrower exists under this Regulatory Agreement, the Trustee is not required to conduct any investigation into or review of the operations or records of the Borrower and may rely on any written report, notice or certificate delivered to the Trustee by any Person retained to review the Borrower's compliance with this Regulatory Agreement or by the Borrower or the Issuer with respect to the occurrence or absence of a default unless it has actual knowledge that the report, notice or certificate is erroneous or misleading.

Section 9. Development in Bexar County. The Borrower hereby represents that the Development is located entirely within Bexar County, Texas.

Section 10. Sale or Transfer of the Development or Change in Sole Member.

(a) The Borrower covenants and agrees not to sell, transfer or otherwise dispose of the Development, prior to the expiration of the Qualified Project Period (other than pursuant to the lease of Units to Eligible Tenants), without (i) providing 30 days prior written notice to the Issuer, (ii) complying with any applicable provisions of this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and other Loan Documents and (iii) obtaining the prior written consent of the Issuer. Such consent of the Issuer will not be unreasonably withheld and will be given if the following conditions to the sale or other disposition are met or waived in writing by

the Issuer: (A) there is delivered to the Trustee and the Issuer a written opinion of independent legal counsel reasonably satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the transferee has duly assumed all of the rights and obligations of the Borrower, under this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents and that each of the documents executed by the transferee in connection therewith has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications, (B) the Issuer receives a Favorable Opinion of Bond Counsel, with a copy to the Trustee, which opinion will be furnished at the expense of the Borrower or the transferee, (C) the Issuer receives an assumption fee equal to 0.25% of the principal balance of the Bonds Outstanding at the time of such transfer, (D) the proposed purchaser or assignee executes any document requested by the Issuer with respect to assuming the obligations of the Borrower under this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents, and (E) the Issuer has performed a previous participation review on the proposed purchaser or assignee or any affiliated party, the results of which are satisfactory to the Issuer in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Issuer does not further have any reason to believe the proposed purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Development, including but not limited to this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement, the Security Instrument and other Loan Documents. The foregoing provisions do not apply to transfer by foreclosure or deed in lieu of foreclosure or other similar involuntary transfers, but such provisions apply to any transfer subsequent to such involuntary transfers. Notwithstanding anything to the contrary contained herein, the following shall be permitted and shall not require the prior written approval of Issuer or Trustee, provided that written notice thereof has been provided to the Issuer, (a) the transfer by either of the Investor Limited Partner or the Special Limited Partner of its interest in Borrower in accordance with the terms of the Borrower's organizational documents, (b) the removal of the General Partner of the Borrower in accordance with the Borrower's organizational documents and the replacement thereof with the Investor Limited Partner or an affiliate thereof, (c) upon the expiration of the tax credit compliance period, the transfer of the interests of the Investor Limited Partner to the General Partner of the Borrower or any of its affiliates, and (d) any amendment to the Organizational Documents or the sole member of the Borrower's organizational documents to memorialize the transfers or removal described above. Upon any sale, transfer or other disposition of the Development in compliance with this Regulatory Agreement, the Borrower so selling, transferring or otherwise disposing of the Development will have no further liability for obligations under the Loan Agreement, this Regulatory Agreement or any loan document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower as set forth in the Loan Agreement, this Regulatory Agreement or any loan document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Development.

(b) No transfer of the Development will release the Borrower from its obligations under this Regulatory Agreement arising prior to the date of such transfer, but any such transfer will relieve the Borrower of further liability for obligations under this Regulatory Agreement arising after the date of such transfer.

Section 11. Term. This Regulatory Agreement and all and each of the provisions hereof will become effective upon its execution and delivery, will remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, will terminate in its entirety at the end

of the State Restrictive Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement and defeasance or termination of the Indenture; provided, however, that the provisions related to the Qualified Project Period that are not incorporated into the State Restrictive Period will terminate in their entirety at the end of the Qualified Project Period.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements set forth herein will terminate, without the requirement of any consent by the Issuer or the Trustee, and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal or State law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions hereof, or foreclosure or transfer of title by deed in lieu of foreclosure or other similar involuntary transfer, condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds are retired in full or amounts received as a consequence of such event are used to provide a “qualified residential rental project” that meets the requirements of the Code and State law including, but not limited to, the provisions set forth in Sections 1A through 6, 10, 11 and 12 of this Regulatory Agreement. The provisions of the preceding sentence will cease to apply and the requirements referred to therein will be reinstated if, at any time during the Qualified Project Period, after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any Related Person obtains an ownership interest in the Development for federal income tax purposes or for the purposes of State law.

Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee, and the Borrower upon receipt of a Favorable Opinion of Bond Counsel.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments are not necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. All costs, including fees and expenses, of the Issuer and the Trustee incurred in connection with the termination of this Regulatory Agreement will be paid by the Borrower and its successors in interest.

Section 12. Covenants to Run With the Land. The Borrower hereby subjects the Development (including the Development Site) to the covenants, reservations and restrictions set forth in this Agreement. The Issuer, the Trustee, and the Borrower hereby declare that the covenants, reservations and restrictions set forth herein are covenants running with the land and will pass to and be binding upon the Borrower’s successors in title to the Development; provided, however, that upon the termination of this Regulatory Agreement said covenants, reservations and restrictions will expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Development or any portion thereof prior to the termination of this Regulatory Agreement will conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

No breach of any of the provisions of this Regulatory Agreement will impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Development or any portion thereof.

Section 13. Burden and Benefit. The Issuer, the Trustee, and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that

the Borrower's legal interest in the Development is rendered less valuable thereby. The Issuer, the Trustee, and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Development by Low-Income Tenants and Eligible Tenants and by furthering the public purposes for which the Bonds were issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof will apply uniformly to the entire Development in order to establish and carry out a common plan for the use, development and improvement of the Development Site.

Section 15. Default; Enforcement by the Trustee and Issuer. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower, set forth in this Regulatory Agreement, and if such default remains uncured by the Borrower for a period of 60 days after written notice thereof has been given by the Issuer or the Trustee to the Borrower, and the Investor Limited Partner at the Notice Addresses set forth in the Indenture, then the Trustee, acting on its own behalf or on behalf of the Issuer and after being indemnified as provided in the Indenture, will declare an "Event of Default" to have occurred hereunder; provided, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default will not constitute an Event of Default hereunder and will not be declared an Event of Default so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) the Borrower delivers to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. The Issuer hereby agrees that any cure of any Event of Default hereunder made or tendered by the Investor Limited Partner shall be deemed to be cure by the Borrower, and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

Following the declaration of an Event of Default hereunder, the Trustee or the Issuer, each subject to being indemnified to its satisfaction with respect to the costs and expenses of any proceeding, may, at its option, take any one or more of the following steps:

- (a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;
- (b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Development during regular business hours following reasonable notice; and
- (c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Issuer and the Trustee may obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder. In addition, if the Issuer succeeds in an action for specific performance of an obligation, covenant or agreement of the Borrower contained herein, it is entitled to the relief provided in Section 16(b) hereof to the extent provided in that provision.

All rights and remedies herein given or granted are cumulative, nonexclusive and in addition to any and all rights and remedies that the parties may have or may be given by reason of any law, statute,

ordinance, document or otherwise. Notwithstanding the availability of the remedy of specific performance provided for in this Section, promptly upon determining that a violation of this Regulatory Agreement has occurred, the Issuer will to the extent that it has actual knowledge thereof, by notice in writing, use its best efforts to inform the Trustee, and the Borrower (provided that the failure to notify will not adversely affect the Issuer's or the Trustee's rights under this Regulatory Agreement) that a violation of this Regulatory Agreement has occurred.

It is specifically declared that this Regulatory Agreement or obligations hereunder may not be enforced by tenants or prospective tenants of the Development (except as described in Section 16 below) or, except as specifically provided in the Indenture, by the owners of the Bonds.

Section 16. Enforcement of Certain Provisions by Tenants and other Private Parties.

(a) Following the declaration of an Event of Default hereunder with respect to Sections 4(i) and 4(j) hereof only, a tenant of the Development or any private party may, at its option by mandamus or other suit, including injunctive relief, require the Borrower to perform its obligations and covenants under Sections 4(i) and 4(j) hereof.

(b) If the Issuer, a tenant of the Development, or any private party brings an action to enforce the obligations and covenants of the Borrower under Sections 4(i) and 4(j) hereof, such party has the right to recover attorney's fees directly from the Borrower, without recourse to the Development, if such party is successful in an action seeking enforcement of the obligations and covenants of the Borrower hereunder. This is the only monetary relief a tenant of the Development or other private parties may receive under this Regulatory Agreement and any such recovery is subject to the provisions set forth in Section 15 above.

Section 17. The Trustee. The Trustee will act only as specifically provided herein and in the Indenture and Tax Exemption Agreement. Subject to the right of the Trustee to be indemnified as provided in the Indenture, the Trustee agrees to act as the agent of and on behalf of the Issuer when requested in writing by the Issuer to do so, and any act required to be performed by the Issuer as herein provided will be deemed taken if such act is performed by the Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and obligations of the Trustee in acting hereunder will be subject to the provisions of the Indenture and the Tax Exemption Agreement, all of which are incorporated by reference herein. The incorporated provisions of the Indenture and Tax Exemption Agreement are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement and defeasance or termination of the Indenture and the Tax Exemption Agreement.

Subject to the Trustee's rights under the Indenture, the Trustee will, at the direction of the Issuer, take reasonable actions to enforce compliance by the Borrower with the terms of this Regulatory Agreement. The Trustee may rely on certificates and reports delivered to the Trustee by the Borrower without independent investigation and the Trustee's responsibility to review and monitor compliance hereunder will not extend beyond the Trustee's receipt of the certificates, reports, and other documents required to be submitted to the Trustee by the Borrower pursuant to this Regulatory Agreement.

The Trustee may resign only upon giving 60 days prior written notice to the Issuer, the Borrower, and to each registered owner of Bonds then Outstanding as shown on the Bond Register. The Trustee may be removed at any time upon 30 days prior written notice to the Trustee, (a) by the Issuer, (b) by the owners of not less than 51% in aggregate principal amount of Bonds then Outstanding, which written instrument must designate a successor Trustee or (c) by the Borrower, with the prior written consent of the Issuer or the owners of 100% in aggregate principal amount of Bonds then Outstanding. Such resignation or removal

will not be effective until a successor Trustee satisfying the requirements of the Indenture is appointed and has accepted its appointment. The Trustee's right to indemnification provided in the Loan Agreement will survive the resignation or removal of the Trustee and the termination of this Regulatory Agreement.

Upon discharge of the Trust Indenture, the Borrower will pay to the Trustee a fee for the performance of the Trustee's duties under this Agreement for the remaining term of this Regulatory Agreement. The amount of such fee to be paid by the Borrower to the Trustee will be in an amount mutually agreed upon by the Borrower and the Trustee at the time of the discharge of the Trust Indenture.

Section 18. Recording and Filing. The Borrower will cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of Bastrop County, Texas and in such other places as the Issuer or the Trustee may reasonably request. A file-stamped copy of this Regulatory Agreement and all amendments and supplements thereto will be delivered to the Trustee. The Borrower will pay all fees and charges incurred in connection with any such recording. This Regulatory Agreement is subject to and subordinate to all matters of record as of the date hereof.

Section 19. Reimbursement of Expenses. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture and the Tax Exemption Agreement, throughout the term of this Regulatory Agreement, the Borrower will continue to pay to the Issuer and the Trustee all fees and reimbursement for all expenses actually incurred thereby required to be paid to the Issuer and the Trustee by the Borrower pursuant to the Loan Agreement and the Tax Exemption Agreement.

Section 20. Governing Law. This Regulatory Agreement is governed by the laws of the State of Texas. The Trustee's rights, duties, powers and obligations hereunder are governed in their entirety by the terms and provisions of this Regulatory Agreement, the Loan Agreement, the Indenture and the Tax Exemption Agreement.

Section 21. Amendments. Subject to the provisions of Section 3 hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto (except that after discharge of the Indenture, consent of the Trustee will not be required), or their successors in title, and duly recorded in the real property records of Bastrop County, Texas, and only upon receipt by the Issuer (with a copy to the Trustee) of a Favorable Opinion of Bond Counsel and an opinion of Bond Counsel that such action is not contrary to the provisions of the Act.

Section 22. Notices. Any notice required to be given hereunder to the Issuer, the Trustee, the Borrower, and the Investor Limited Partner will be given in the manner and to the address (or facsimile numbers) set forth in the Indenture.

Section 23. Severability. If any provision of this Regulatory Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof will not in any way be affected or impaired thereby.

Section 24. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which constitute one and the same instrument, and each of which is deemed to be an original.

Section 25. Authorization to Act for Issuer. To the extent allowed by law, the Issuer hereby authorizes the Borrower to take on behalf of the Issuer all actions required or permitted to be taken by it hereunder, or under the Indenture and the Loan Agreement and to make on behalf of the Issuer all elections and determinations required or permitted to be made by the Issuer hereunder or under the Indenture and the Loan Agreement. In addition, the Issuer hereby authorizes the Borrower to exercise, on behalf of the Issuer,

any election with respect to the Bonds pursuant to the Code or the Regulations, and the Issuer agrees to cooperate with the Borrower and execute any form of statement required by the Code or the Regulations to perfect any such election.

IN WITNESS WHEREOF, the Issuer, the Trustee, and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS, as Issuer**

By: _____
J.B. Goodwin, Chair

(SEAL)

Attest:

James B. Eccles, Secretary

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

On this the _____ day of _____, 2019 personally appeared J.B. Goodwin, Chair of the Governing Board of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, who acknowledged that he executed the foregoing instrument for the purposes therein contained and in the capacity stated on behalf of said entity.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

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

By: _____
Name: Dayna L. Smith
Title: Assistant Vice President

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

On this the _____ day of _____, 2019 personally appeared Dayna L. Smith, an Assistant Vice President of Wilmington Trust, National Association, a national banking association, who acknowledged that he executed the foregoing instrument for the purposes therein contained and in the capacity stated on behalf of said entity.

Notary Public Signature
My Commission expires: _____

(Personalized Seal)

EXHIBIT A
PROPERTY DESCRIPTION

[to come]

EXHIBIT B-1

DESCRIPTION OF DEVELOPMENT

Borrower: TCD MCM, LP, a Texas limited partnership

Development: The Development is a 100-unit affordable, multifamily housing development known as McMullen Square Apartments, located at 537 N. General McMullen Drive, San Antonio, Bexar County, Texas 78228. It consists of eight (8) residential apartment buildings with approximately 84,144 net rentable square feet. The unit mix will consist of:

8	one-bedroom/one-bath units
52	two-bedroom/one-bath units
32	three-bedroom/two-bath units
8	four-bedroom/two-bath units
<hr/>	
100	Total Units

Unit sizes will range from approximately 618 square feet to approximately 1,122 square feet.

EXHIBIT B-2

DEVELOPMENT AMENITIES

“Development Amenities” means the amenities for which the Development was awarded points by the Issuer, pursuant to Section 2306.359 of the Texas Government Code, during the Private Activity Bond Program pre-application scoring process.

Development Common Amenities must include at least fourteen (14) points selected from the following list which are grouped primarily for organizational purposes. The Borrower is not required to select a specific number of amenities from each section. The Borrower may change, from time to time, the amenities offered; however, the overall points must remain the same. The tenant must be provided written notice of the elections made by the Borrower.

(i) Community Space for Resident Supportive Services

(I) Except in Applications where more than 10% of the units in the proposed Development are Supportive Housing Single Room Occupancy units, an Application may qualify to receive half of the points required under 10 TAC §11.101(b)(5)(A)(i)-(vi) of the Qualified Allocation Plan by electing to provide a High Quality Pre-Kindergarten (“HQ Pre-K”) program and associated educational space at the Development Site. To receive the points the Applicant must commit to all of subparagraphs (-a-) through (-c-) of this paragraph.

(-a-) Space and Design. The educational space for the HQ Pre-K program must be provided on the Development Site and must be a suitable and appropriately designed space for educating children that an independent school district or open-enrollment charter school can utilize to establish and operate a HQ Pre-K program. This space includes at a minimum a bathroom and large closet in the classroom space; appropriate design considerations made for the safety and security of the students; including limited and secure ingress and egress to the classroom space; and satisfaction of the requirements of all applicable building code for school facilities. The Applicant must provide in the Application a copy of the current school facility code requirements applicable to the Development Site and Owner and Architect certifications that they understand the associated space and design requirements reflected in those code requirements. The Application must also include acknowledgement by all lenders, equity providers and partners that the Application includes election of these points.

(-b-) Educational Provider. The Applicant must enter into an agreement, as described in sub items (-1-) - (-5-) below, and provide evidence of such agreement to the Department on or before submission of the Cost Certification. Lack of evidence of such agreement by the deadline will be cause for rescission of the Commitment Notice.

(-1-) The agreement must be between the Owner and any one of the following: a school district; open-enrollment charter school; or Education Service Center. Private schools and private childcare providers, whether nonprofit or for profit, are

not eligible parties, unless the private school or private childcare provider has entered into a partnership with a school district or open-enrollment charter school to provide a HQ Pre-K program in accordance with Texas Education Code Chapter 29, Subchapter E-1.

(-2-) The agreement must reflect that at the Development Site the educational provider will provide a HQ Pre-K program, in accordance with Texas Education Code Chapter 29, Subchapter E-1, at no cost to residents of the proposed Development and that is available for general public use, meaning students other than those residing at the Development may attend.

(-3-) Such agreement must reflect a provision that the option to operate the HQ Pre-K program in the space at the Development Site will continue to be made available to the school or provider until such time as the school or provider wishes to withdraw from the location. This provision will not limit the Owner's right to terminate the agreement for good cause.

(-4-) Such agreement must set forth the responsibility of each party regarding payment of costs to use the space, utility charges, insurance costs, damage to the space or any other part of the Development, and any other costs that may arise as the result of the operation of the HQ Pre-K program.

(-5-) The agreement must include provision for annual renewal, unless terminated under the provisions of item (-c-).

(-c-) If an education provider who has entered into an agreement becomes defunct or elects to withdraw from the agreement and provision of services at the location, as provided for in item (-b-)(-3-) of this subclause, the Owner must notify the Texas Commissioner of Education at least 30 days prior to ending the agreement to seek out any other eligible parties listed in (-b-)(-1-) above. If another interested open-enrollment charter school or school district is identified by the Texas Commissioner of Education or the Owner, the Owner must enter into a subsequent agreement with the interested open-enrollment charter school or school district and continue to offer HQ Pre-K services. If another interested provider cannot be identified, and the withdrawing provider certifies to the Department that their reason for ending the agreement is not due to actions of the Owner, the Owner will not be considered to be in violation of its commitment to the Department. If the Owner is not able to find a provider, they must notify the Commissioner annually of the availability of the space.

(II) Multifunctional learning and care center(s) or conference room(s) with the appropriate furnishings to deliver the Resident Supportive Services pertaining to classes or care for children and selected by the Development Owner. The room(s) devoted to meeting this requirement must equal 15 square feet times the total number of Units, but need not exceed 2,000 square feet in total. It must be separate from any other community space but may include a full kitchen. The room(s) must include storage space, such as closets and/or cabinetry (4 points);

(III) Multifunctional learning and care center(s) or conference room(s) with the appropriate furnishings to deliver the Resident Supportive Services pertaining to classes or care for adults and selected by the Development Owner. The room(s) devoted to meeting this requirement must equal 10 square feet times the total number of Units, but need not exceed 1,000 square feet in total. It must be separate from any other community space but may include a full kitchen. The room(s) must include storage space, such as closets and/or cabinetry (2 points);

(IV) Service provider office in addition to leasing offices (1 point);

(ii) Safety

(I) Controlled gate access for entrance and exit areas, intended to provide access that is limited to the Development's tenancy (1 point);

(II) Secured Entry (applicable only if all Unit entries are within the building's interior) (1 point);

(III) Twenty-four hour, seven days a week monitored camera/security system in each building. Monitoring may be on-site or off-site (2 points);

(IV) Twenty-four hour, seven days a week recorded camera / security system in each building (1 point);

(V) The provision of a courtesy patrol service that, at a minimum, answers after-hour resident phone calls regarding noise and crime concerns or apartment rules violations and that can dispatch to the apartment community a courtesy patrol officer in a timely manner (3 points);

(iii) Health/Fitness / Play

(I) Accessible walking/jogging path, equivalent to the perimeter of the Development or a length that reasonably achieves the same result, separate from a sidewalk and in addition to required accessible routes to Units or other amenities (1 point);

(II) Furnished fitness center. Equipped with a variety of fitness equipment (at least one item for every 40 Units). Choose from the following: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, stair-climber, dumbbell set, or other similar equipment. Equipment shall be commercial use grade or quality. Fitness center must be located indoors or be a designated room with climate control and allow for after-hours access. (1 point);

(III) Furnished fitness center. Equipped with a variety of fitness equipment (at least one item for every 20 Units). Choose from the following: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, stair-climber, dumbbell set, or other similar equipment. Equipment shall be commercial use grade or quality. Fitness center must be located indoors or be a designated room with climate control and allow for after-hours access. (2 points);

(IV) One Children's Playscape Equipped for 5 to 12 year olds, or one Tot Lot (2 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, provide

shade and ultraviolet protection. Can only select this item if clause (V) of this subparagraph is not selected; or

(V) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each (4 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, provide shade and ultraviolet protection. Can only select this item if clause (IV) of this subparagraph is not selected;

(VI) Horseshoe pit; putting green; shuffleboard court; pool table; or ping pong table in a dedicated location accessible to all residents to play such games (1 point);

(VII) Swimming pool (3 points);

(VIII) Splash pad/water feature play area (1 point);

(IX) Sport Court or field (including, but not limited to, Tennis, Basketball, Volleyball, Soccer or Baseball Field) (2 points);

(iv) Design / Landscaping

(I) Full perimeter fencing that includes parking areas and all amenities (excludes guest or general public parking areas) (2 points);

(II) Enclosed community sun porch or covered community porch/patio (1 point);

(III) Dog Park area that is fully enclosed (the perimeter fencing may be used for part of the enclosure) and intended for tenant owned dogs to run off leash (requires that the Development allow dogs) (1 point);

(IV) Shaded rooftop or structural viewing deck of at least 500 square feet (2 points);

(V) Porte-cochere (1 point);

(VI) Lighted pathways along all accessible routes (1 point);

(VII) a resident-run community garden with annual soil preparation and mulch provided by the Owner and access to water (which may be subject to local water usage restrictions) (1 point);

(v) Community Resources

(I) Gazebo or covered pavilion w/sitting area (seating must be provided) (1 point);

(II) Community laundry room with at least one washer and dryer for every 40 Units (2 points);

(III) Barbecue grill and picnic table with at least one of each for every 50 Units (1 point). Grill must be permanently installed (no portable grills);

(IV) Business center with workstations and seating internet access, 1 printer and at least one scanner which may be integrated with the printer, and either 2 desktop computers or laptops available to check-out upon request (2 points);

(V) Furnished Community room (2 points);

(VI) Library with an accessible sitting area (separate from the community room) (1 point);

- (VII) Activity Room stocked with supplies (Arts and Crafts, board games, etc.) (2 points);
- (VIII) Community Dining Room with full or warming kitchen furnished with adequate tables and seating (3 points);
- (IX) Community Theater Room equipped with a 52 inch or larger screen or projection with surround sound equipment; DVD player or a streaming service at no cost to residents; and seating (3 points);
- (X) High-speed Wi-Fi of 10 Mbps download speed or more with coverage throughout the clubhouse and/or community building (1 point);
- (XI) High-speed Wi-Fi of 10 Mbps download speed or more with coverage throughout the Development (2 points);
- (XII) Bicycle parking that allows for, at a minimum, 1 bicycle for every 5 Units, within reasonable proximity to each residential building that allows for bicycles to be secured with lock (lock not required to be provided to tenant) (1 point);
- (XIII) Package Lockers. Automated Package Lockers provided at a location within the complex that can be accessed by residents 24/7 and at no charge to the resident. To qualify, there would need to be at least 1 locker for every 8 residential units (2 points).

Development Unit Amenities and Construction Features must include at least nine (9) points selected from the following list. Rehabilitation Developments will start with a base score of five (5) points. Owner may change, from time to time, the amenities offered; however, the overall points must remain the same.

Unit Features

- (I) Covered entries (0.5 point);
- (II) Nine foot ceilings in living room and all Bedrooms (at minimum) (1 point);
- (III) Microwave ovens (0.5 point);
- (IV) Self-cleaning or continuous cleaning ovens (0.5 point);
- (V) Energy-Star rated refrigerator with icemaker (0.5 point);
- (VI) Storage room or closet, of approximately 9 square feet or greater, separate from and in addition to Bedroom, entryway or linen closets and which does not need to be in the Unit but must be on the Property site (0.5 point);
- (VII) Energy-Star qualified laundry equipment (washers and dryers) for each individual Unit; must be front loading washer and dryer in required accessible Units (2 points);
- (VIII) Covered patios or covered balconies (0.5 point);
- (IX) High Speed Internet service to all Units (can be wired or wireless; required equipment for either must be provided) (1 point);
- (X) Built-in (recessed into the wall) shelving unit (0.5 point);
- (XI) Recessed LED lighting or LED lighting fixtures in kitchen and living areas (1 point);
- (XII) Breakfast Bar (a space, generally between the kitchen and dining area, that includes an area

- for seating although actual seating such as bar stools does not have to be provided) (0.5 point);
- (XIII) Walk-in closet in at least one Bedroom (0.5 point);
- (XIV) Energy-Star rated ceiling fans in all Bedrooms (0.5 point);
- (XV) 48" upper kitchen cabinets (1 point);
- (XVI) Kitchen island (0.5 points);
- (XVII) Kitchen pantry with shelving (may include the washer/dryer unit for Rehabilitation Developments only) (0.5 point);
- (XVIII) EPA WaterSense or equivalent qualified toilets in all bathrooms (0.5 point);
- (XIX) EPA WaterSense or equivalent qualified showerheads and faucets in all bathrooms (0.5 point);
- (XX) Natural stone or quartz countertops in kitchen and bath (1 point);
- (XXI) Double vanity in at least one bathroom (0.5 point);
- (XXII) Hard floor surfaces in over 50% of unit NRA (0.5 point).

Development Construction Features

- (I) Covered parking (may be garages or carports, attached or freestanding) and include at least one covered space per Unit (1.5 points);
- (II) 15 SEER HVAC or for Rehabilitation (excluding Reconstruction) where such systems are not being replaced as part of the scope of work, a radiant barrier in the attic is provided, or in applicable regions of the state, an efficient evaporative cooling system (1.5 points);
- (III) 16 SEER HVAC or for Rehabilitation (excluding Reconstruction) where such systems are not being replaced as part of the scope of work, a radiant barrier in the attic is provided, or in applicable regions of the state, an efficient evaporative cooling system (1.5 points);
- (IV) Thirty (30) year roof (0.5 point);
- (V) Greater than 30 percent stucco or masonry (includes stone, cultured stone, and brick but excludes cementitious and metal siding) on all building exteriors; the percentage calculation may exclude exterior glass entirely (2 points);
- (VI) Electric Vehicle Charging Station (0.5 points); and
- (VII) An Impact Isolation Class ("IIC") rating of at least 55 and a Sound Transmission Class ("STC") rating of 60 or higher in all Units, as certified by the architect or engineer of record (3 points)
- (VIII) Green Building Features. Points under this item are intended to promote energy and water conservation, operational savings and sustainable building practices. Points may be selected from only one of three categories: Enterprise Green Communities, Leadership in Energy and Environmental Design (LEED), and ICC 700 National Green Building Standard. A Development may qualify for no more than four (4) points total under this subclause. If the Development involves

scattered sites, there must be green building features incorporated into each site in order to qualify for these points.

(-a-) Enterprise Green Communities. The Development must incorporate all mandatory and optional items applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria found at <http://www.greencommunitiesonline.org>.

(-b-) LEED. The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a LEED Certification, regardless of the rating level achieved (i.e., Certified, Silver, Gold or Platinum).

(-c-) ICC/ASHRAE - 700 National Green Building Standard. The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a NGBS Green Certification, regardless of the rating level achieved (i.e. Bronze, Silver, Gold, or Emerald).

EXHIBIT C

TENANT SUPPORTIVE SERVICES

The tenant supportive services to be provided must include at least eight (8) points selected from the following list which are grouped primarily for organizational purposes. The Borrower is not required to select a specific number of services from each section. The Borrower may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. The services provided should be those that will directly benefit the Target Population of the Development. Tenants must be provided written notice of the elections made by the Borrower.

(A) Transportation Supportive Services

- (i) shuttle, at least three days a week, to a grocery store and pharmacy and/or a major, big-box retailer that includes a grocery store and pharmacy, OR a daily shuttle, during the school year, to and from nearby schools not served by a school bus system for children who live at the Development (3.5 points);
- (ii) monthly transportation to community/social events such as mall trips, community theatre, bowling, organized tours, etc. (1 point);

(B) Children Supportive Services

- (i) Provide a High Quality Pre-Kindergarten (HQ Pre-K) program and associated educational space at the Development Site meeting the requirements of 10 TAC §11.101(b)(5)(C)(i)(I) of the Qualified Allocation Plan. (Half of the points required under 10 TAC §11.101(b)(7) of the Qualified Allocation Plan);
- (ii) 12 hours of weekly, organized, on-site services provided to K-12 children by a dedicated service coordinator or third-party entity. Services include after-school and summer care and tutoring, recreational activities, mentee opportunities, test preparation, and similar activities that promote the betterment and growth of children and young adults (3.5 points);

(C) Adult Supportive Services

- (i) 4 hours of weekly, organized, on-site classes provided to an adult audience by persons skilled or trained in the subject matter being presented, such as character building programs, English as a second language classes, computer training, financial literacy courses, health education courses, certification courses, GED preparation classes, resume and interview preparatory classes, general presentations about community services and resources, and any other course, class, or presentation that may equip residents with new skills that they may wish to develop (3.5 points);
- (ii) annual income tax preparation (offered by an income tax prep service) or IRS-certified VITA (Volunteer Income Tax Assistance) program (offered by a qualified individual) that also emphasizes how to claim the Earned Income Tax Credit (1 point);
- (iii) contracted career training and placement partnerships with local worksource offices, culinary programs, or vocational counseling services; also resident training programs that train and hire residents for job opportunities inside the development in areas like leasing, tenant

services, maintenance, landscaping, or food and beverage operation (2 points);

(iv) external partnerships for provision of weekly substance abuse meetings at the Development Site (1 point);

(D) Health Supportive Services

(i) Food pantry consisting of an assortment of non-perishable food items and common household items (i.e. laundry detergent, toiletries, etc.) accessible to residents at least on a monthly basis or upon request by a resident. While it is possible that transportation may be provided to a local food bank to meet the requirement of this resident service, the resident must not be required to pay for the items they receive at the food bank (2 points);

(ii) annual health fair provided by a health care professional(1 point);

(iii) weekly exercise classes (offered at times when most residents would be likely to attend) (2 points);

(iv) contracted onsite occupational or physical therapy services for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);

(E) Community Supportive Services

(i) partnership with local law enforcement and/or local first responders to provide quarterly on-site social and interactive activities intended to foster relationships with residents (such activities could include playing sports, having a cook-out, swimming, card games, etc.) (2 points);

(ii) Notary Services during regular business hours (§2306.6710(b)(3)) (1 point);

(iii) twice monthly arts, crafts, and other recreational activities (e.g. Book Clubs and creative writing classes) (1 point);

(iv) twice monthly on-site social events (i.e. potluck dinners, game night, sing-a-longs, movie nights, birthday parties, holiday celebrations, etc.) (1 point);

(v) specific case management services offered by a qualified Owner or Developer, qualified provider or through external, contracted parties for seniors, Persons with Disabilities or Supportive Housing (3 points);

(vi) weekly home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc., and quarterly preventative maintenance including light bulb replacement) for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);

(vii) any of the programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601, et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of unplanned pregnancies; and encourages the formation and maintenance of two-parent families (1 point);

(viii) a part-time resident services coordinator with a dedicated office space at the Development or a contract with a third-party to provide the equivalent of 15 hours or more of weekly resident supportive services at the Development (2 points);

(ix) provision, by either the Development Owner or a community partner, of an education tuition- or savings-match program or scholarships to residents who may attend college (2 points).

TAX EXEMPTION CERTIFICATE AND AGREEMENT

Dated as of

January 1, 2019

among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer

and

WILMINGTON TRUST, N.A.,
as Trustee

and

TCD MCM, LP,
as Borrower

regarding

\$7,950,000

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(McMullen Square)
Series 2019**

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TAX EXEMPTION CERTIFICATE AND AGREEMENT

THIS TAX EXEMPTION CERTIFICATE AND AGREEMENT (this “Agreement”) dated as of January 1, 2019, but effective as of the Closing Date (as defined in the Indenture described below) is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the “Issuer”), a public and official agency of the State (as defined herein), **WILMINGTON TRUST, N.A.**, a national banking association organized and existing under the laws of the United States of America, as Trustee under the hereinafter defined Indenture (together with any successor Trustee under the Indenture described below and their respective successors and assigns, the “Trustee”), and **TCD MCM, LP**, a Texas limited partnership (together with its permitted successors and assigns, the “Borrower”) and is entered into in connection with the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (McMullen Square) Series 2019 (the “Bonds”) being issued in the original principal amount of \$7,950,000. The representations of facts and circumstances and the covenants of the Issuer made herein are made in part for purposes of fulfilling the requirements set forth in section 1.148-2(b)(2) of the Regulations (as defined herein).

RECITALS

WHEREAS, the Governing Board of the Issuer has determined to authorize the issuance of the Bonds pursuant to and in accordance with the terms of an Indenture (as defined herein) by and among the Issuer and the Trustee for the purpose of obtaining funds to finance the Project (as defined herein), all under and in accordance with the Constitution and laws of the State (as defined herein); and

WHEREAS, the Issuer desires to use the Proceeds (as defined herein) of the Bonds to fund a mortgage loan to the Borrower (i.e., the Bond Loan, as defined herein) upon the terms and conditions set forth in the Bond Loan Agreement (as defined herein) in order to finance the cost of acquisition, rehabilitation and equipping of the Project; and

WHEREAS, the Issuer and the Borrower desire that interest on the Bonds be excludable from gross income for federal income tax purposes under the Code (as defined herein); and

WHEREAS, the purpose of executing this Agreement is to set forth various facts, certifications, covenants, representations, and warranties regarding the Bonds and the Project and to establish the expectations of the Issuer, the Borrower, and the Trustee as to future events regarding the Bonds, the Project, and the use and investment of Proceeds of the Bonds.

NOW THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned do hereby certify, covenant, represent, and agree on behalf of the Issuer, the Borrower, and the Trustee (but not in their individual capacities), respectively, as follows:

1. **Definitions.** Each capitalized term used in this Agreement has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Agreement or in Exhibits to this Agreement and for all purposes hereof has the meaning or is in the amount therein specified. All capitalized terms used but not defined herein,

to the extent that such terms are defined in the Indenture, the Bond Loan Agreement, or the Regulatory Agreement for all purposes hereof have the meanings therein specified. All such terms defined in the Code or Regulations that are not defined herein will for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

“Bank” means JPMorgan Chase, a national banking association.

“Bond Counsel” means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes, and initially shall mean Bracewell LLP.

“Bond Loan” means the mortgage loan made by the Issuer to the Borrower pursuant to the Bond Loan Agreement in the aggregate principal amount of \$7,950,000 and evidenced by a multifamily note.

“Bond Loan Agreement” means the Bond Loan Agreement among the Issuer, the Trustee, and the Borrower, dated as of January 1, 2019.

“Bond Fund” means the “Bond Fund” created pursuant to the Indenture, with the Interest Account, the Principal Account and the Redemption Account therein.

“Bond Year” means each one-year period that ends on the day selected by the Borrower in a certificate provided to the Issuer and the Trustee. The first and last bond years may be short periods. If no day is selected by the Borrower before the earlier of the final Maturity Date of the Bonds or the date that is five years after the Issue Date of the Bonds, a bond year will end on each anniversary of the Issue Date of the Bonds and on the final Maturity Date of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference is deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Computation Date” means each Installment Computation Date and the Final Computation Date.

“Costs of Issuance” means costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Costs of Issuance Fund” means the “Costs of Issuance Fund” created pursuant to the Indenture.

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

“Final Computation Date” means the date on which the final payment in full of the Bonds is made.

“Financial Advisor” means George K. Baum & Company.

“Form 8038” means IRS Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

“Gross Proceeds” means any Proceeds and any Replacement Proceeds.

“Hedged Bonds” means that portion of the Bonds covered by the Swap.

“Indenture” means the Indenture by and between the Issuer and the Trustee, dated as of January 1, 2019.

“Installment Computation Date” means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

“Interest Account” means the “Interest Account” of the Bond Fund created pursuant to the Indenture.

“Investment Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

“IRS” means the Internal Revenue Service.

“Issue Date” means, with respect to an issue of obligations, the first date on which an issuer receives the purchase price in exchange for delivery of the evidence of indebtedness representing any obligation.

“Issue Price” has the meaning ascribed to it in section 1.148-1(f) of the Regulations.

“Maturity Date” means [_____].

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

“Minor Portion” means that portion of the Gross Proceeds of the Bonds that does not exceed in the aggregate \$100,000.

“Net Proceeds” means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

“Nonpurpose Investment” means any “investment property,” within the meaning of section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Bonds.

“Official Intent Date” means January 18, 2018.

“Original Issue Discount” means the excess of the Stated Redemption Price at Maturity over the Issue Price.

“Original Issue Premium” means the excess of the Issue Price over the Stated Redemption Price at Maturity.

“Permitted Investments” has the meaning set forth in the Indenture.

“Placed in Service” has the meaning set forth in section 1.150-2(c) of the Regulations and means the date on which, based on all the facts and circumstances, (a) a facility reaches a degree of completion that will permit its operation at substantially its design level, and (b) a facility is, in fact, in operation at such level.

“Pre-Issuance Accrued Interest” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

“Preliminary Expenditures” are described in section 1.150-2(f)(2) of the Regulations and include architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that are incurred prior to commencement of acquisition, rehabilitation or rehabilitation of a project, but do not include land acquisition, site preparation and similar costs incident to the commencement of rehabilitation.

“Principal Account” means the “Principal Account” of the Bond Fund created pursuant to the Indenture.

“Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means any Sale Proceeds and Investment Proceeds.

“Project” means a 100-unit multifamily housing development known as McMullen Square Apartments, located at 537 N. General McMullen Drive, San Antonio, Texas 78228.

“Project Costs” means, to the extent authorized by the Act and the Code, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation, and equipping, as the case may be, of the Project, whether paid or incurred prior to or after the Issue Date of the Bonds,

including, without limitation, costs for site preparation, the planning of housing and improvements, the removal or demolition of existing structures, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and Borrower's overhead and supervisor's fees and costs directly allocable to the Project, and administrative and other expenses necessary or incident to the Project and the financing thereof.

“Project Fund” means the “Project Fund” created pursuant to the Indenture.

“Qualified Administrative Costs” are those costs of issuing, carrying or repaying the Bonds, and any underwriter's discount. Qualified Administrative Costs do not include the costs of issuing, carrying or repaying the Bond Loan.

“Qualified Project Costs” means Project Costs that meet the following requirements:

(a) The costs are chargeable to a capital account with respect to the Project for federal income tax purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Bonds during, and fees for a “qualified guarantee” (within the meaning of section 1.148-4 of the Regulations) attributable to the period of, the rehabilitation of the Project will constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs.

(b) If any portion of the Project is being constructed by the Borrower or a Related Person (whether as a general contractor or a subcontractor), such costs include only (i) the actual out-of-pocket costs incurred by the Borrower or such Related Person in constructing the Project (or any portion thereof), (ii) any reasonable fees for supervisory services actually rendered by the Borrower or such Related Person (but excluding any profit component) and (iii) any overhead expenses incurred by the Borrower or such Related Person that are directly attributable to the work performed on the Project and do not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of section 1504 of the Code) participating in the rehabilitation of the Project or payments received by such Related Person due to early completion of the Project (or any portion thereof).

(c) The costs are not Costs of Issuance.

(d) (i) The costs were paid no earlier than 60 days prior to the Official Intent Date and (ii) the reimbursement allocation is made no later than 18 months after the later of (A) the date the expenditure was paid and (B) the date the Project is Placed in Service or abandoned, but in no event more than three years after the original expenditure is paid; provided that such limitations do not apply to any amount not in excess of \$100,000 or to Preliminary Expenditures that do not exceed 20 percent of the Sale Proceeds of the Bonds.

“Qualified Project Period” means, with respect to the Project, the period beginning on the first day on which 10 percent of the Units are occupied (which date may be the Closing Date) and

ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied (which date may be the Closing Date), (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued with respect to the Project is outstanding for federal income tax purposes or, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

“Qualifying Tenant” means a tenant whose Annual Income is 60 percent or less of Median Gross Income for the Area, as determined under sections 142(d)(2)(B) and (E) of the Code. If all the occupants of a Unit are students (as defined under section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under section 6013 of the Code, such occupants are not Qualifying Tenants, unless such students meet the qualifications under section 42(i)(3)(D) of the Code.

“Rebate Amount” has the meaning set forth in in section 1.148-3(b) of the Regulations and, generally, means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with section 1.148-3 of the Regulations.

“Rebate Analyst” means a Person that is (a) qualified and experienced in the calculation of rebate payments under section 148 of the Code, (b) chosen by the Borrower, and (c) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

“Rebate Fund” means the “Rebate Fund” created pursuant to the Indenture.

“Redemption Account” means the “Redemption Account” of the Bond Fund created pursuant to the Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement, among the Issuer, the Trustee, and the Borrower, dated as of January 1, 2019.

“Related Party” means, in reference to a governmental unit or a 501(c)(3) organization, any member of the same controlled group, and, in reference to a person that is not a governmental unit or a 501(c)(3) organization, a Related Person.

“Related Person” has the meaning set forth in section 144(a)(3) of the Code. A person is a “Related Person” to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears therein).

“Replacement Proceeds” has the meaning set forth in section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have

been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

“Restoration Fund” means the “Restoration Fund” authorized to be created pursuant to the Indenture.

“Revenue Fund” means the “Revenue Fund” created pursuant to the Indenture.

“Sale Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters’ discount or compensation and accrued interest other than Pre-Issuance Accrued Interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in section 1.148-4(b)(4) of the Regulations.

[**“Seller”** means [_____].]

“State” means the State of Texas.

“Stated Redemption Price at Maturity” means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the debt instrument).

“Swap” means the variable-to-fixed interest rate swap transaction entered into by the Borrower with the Swap Counterparty with respect to the Hedged Bonds.

“Swap Counterparty” means Cedar Rapids Bank and Trust Company and its successors and assigns.

“Unit” means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation; provided that, a residential accommodation will not fail to be treated as a “Unit” merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code).

“Weighted Average Maturity” means the sum of the products of the Issue Price and the number of years to maturity (taking into account mandatory redemptions) of an obligation, divided by the aggregate Sale Proceeds of such obligation.

“Yield” on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal, interest and fees for qualified guarantees to be paid on the obligation produces an amount equal to the Issue Price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments to be received on the investment produces an amount equal to all payments for the investment.

“Yield Reduction Payments” means amounts paid in accordance with section 1.148-5(c) of the Regulations that are treated as payments that reduce the Yield on an investment.

“40-60 Test” means the requirement set forth in section 142(d)(1)(B) of the Code providing that 40 percent or more of Units in the Project be occupied by individuals whose income is 60 percent or less of the Median Gross Income for the Area.

2. Authorized Representatives.

(a) Issuer. The undersigned representative of the Issuer represents that such representative (i) is charged, along with others, with the responsibility for the Bonds and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Issuer to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Issuer personnel and consultants to the Issuer, the undersigned representative of the Issuer has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(b) Borrower. The undersigned representative of the Borrower represents that such representative (i) is a duly chosen, qualified and acting officer or other representative of the Borrower, which will be the owner of the Project and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Borrower to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Borrower personnel and consultants to the Borrower, the undersigned representative of the Borrower has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(c) Trustee. The undersigned representative of the Trustee represents that such representative is a duly chosen, qualified and acting officer or other representative of the Trustee and is authorized on behalf of the Trustee to execute and deliver this Agreement.

3. Reasonable Expectations. The Issuer and the Borrower hereby affirm that the facts and estimates that are set forth in this Agreement are accurate and the expectations that are set forth in this Agreement are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. The Issuer has also relied, to the extent appropriate, on the (a) Certificate of the Bank attached hereto as Exhibit A, (b) Certificate of Financial Advisor attached hereto as Exhibit B, (c) Issuer’s Qualified Hedge Identification Certificate attached hereto as Exhibit C, (d) Borrower’s Qualified Hedge Identification Certificate attached hereto as Exhibit D, and (e) Certificate of Swap Counterparty attached hereto as Exhibit E. The undersigned representatives of the Issuer and the Borrower are aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of the representations set forth in such certificates.

4. Reliance on Borrower's Representations and Covenants. Except as otherwise indicated in this Agreement, the representations, expectations, certifications, covenants and warranties of the Issuer concerning the use and investment of the Proceeds of the Bonds and certain other matters described in this Agreement are based solely upon representations, expectations, certifications, covenants and warranties of the Borrower, as set forth in this Agreement or in the Exhibits attached hereto. In relying upon such representations, expectations, certifications, covenants and warranties of the Borrower, the Issuer has not made any independent investigations of the matters pertaining thereto. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation, expectations, certifications, covenants and warranties of the Borrower made in this Agreement or in the Exhibits attached hereto.

5. Completeness of Borrower Information. The Borrower has supplied or caused to be supplied to Bond Counsel all documents, instruments and written information requested by Bond Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Bond Counsel, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the excludability from gross income for federal income tax purposes of the interest on the Bonds, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information for which Bond Counsel has not asked. After due investigation, there is no information not obtained, or any investigation or inspection not heretofore pursued, that would be relevant or material to the certifications set forth below.

6. General Requirements Relating to Issuance of the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) Governmental Purpose. The Borrower has applied to the Issuer and been approved for the Bond Loan to be made from the Proceeds of the Bonds. The proceeds of the Bond Loan (and, thus, the Proceeds of the Bonds) will be used to finance a portion of the Project Costs.

(b) Public Hearing and Approval. A public hearing with respect to the Bonds was conducted by the Issuer on December 20, 2018, in San Antonio, Texas, as required under section 147(f) of the Code. Written notice of the applicable date, hour, place and subject of such public hearing was published no less than 14 days before the date such public hearing was held, in the newspaper of general circulation available to persons residing within such geographic locality. The Attorney General of the State approved the issuance of the Bonds as required under section 147(f) of the Code.

(c) Volume Cap. The Issuer has received from the Texas Bond Review Board a reservation of State private activity bond volume cap in an amount no less than the aggregate principal amount of the Bonds (or if greater, the Issue Price of the Bonds) for the purpose of issuing the Bonds to finance the acquisition, rehabilitation and equipping of the Project.

(d) Issue. There are no other obligations that (i) are sold at substantially the same time as the Bonds (i.e., less than 15 days apart), (ii) are sold pursuant to the same plan of financing with the Bonds, and (iii) will be paid out of substantially the same source of funds as the Bonds.

(e) Form 8038. The Borrower has examined the completed Form 8038 with respect to the Bonds, including accompanying schedules and statements, and, to the best of the Borrower's knowledge and belief, the information in Parts IV and V, which was furnished by the Borrower, is true, correct, and complete. The Issuer will cause Form 8038 with respect to the Bonds to be filed timely with the IRS.

(f) Substantial User. [Except for the Seller,] neither the Borrower nor any Related Person (within the meaning of section 147(a)(2) of the Code) to the Borrower was a "substantial user" (within the meaning of section 1.103-11 of the Regulations) of the [Project] at any time during the five year period before the Issue Date of the Bonds. [The Borrower represents that, for the five-year period following the Issue Date of the Bonds, (i) the gross revenue derived by the Seller with respect to the Project will not be more than five percent of the total revenue derived by all users of the Project and (ii) the Seller will not occupy any area of the Project.]

(g) Program Covenant. Neither the Borrower nor any Related Party of the Borrower is, or will be, a party to any agreement, formal or informal, pursuant to which it will purchase any of the Bonds in an amount related to the amount of the Bond Loan made to the Borrower unless the Borrower or such Related Party provides a Favorable Opinion of Bond Counsel to the Issuer.

(h) No Federal Guarantee. Neither the Issuer nor the Borrower will take any action that would result in all or any portion of the Bonds being treated as federally guaranteed within the meaning of section 149(b)(2) of the Code.

7. Sale Proceeds of the Bonds. The amount of Sale Proceeds received by the Issuer from the sale of the Bonds is \$[_____], which represents the Stated Redemption Price at Maturity of the Bonds. The Sale Proceeds of the Bonds will be loaned to the Borrower and deposited as follows:

(a) The amount of \$[_____] will be deposited in the Project Account of the Project Fund and used to pay Project Costs. The aggregate amount of the Project Costs is anticipated to exceed such amount. Any Project Costs not financed out of Proceeds of the Bonds will be financed out of the Borrower's available funds.

(b) [The amount of \$[_____] will be deposited in the Costs of Issuance Fund and disbursed to pay Costs of Issuance on the Bonds.]

(c) [The amount of \$[_____] will be deposited in the Bond Fund and disbursed to pay interest on the Bonds accruing during a period not to exceed [_____] following the Issue Date of the Bonds. Sale proceeds and investment proceeds of the Bonds expected to be used to pay interest on the Bonds will serve the governmental purpose of the Bonds by temporarily enabling the payment of debt service

on the Bonds pending the rehabilitation of the Project, which is the basis for payment of debt service on the Bonds.]

8. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Bonds.

9. Use of Proceeds of the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) Qualified Project Costs. At least 95 percent of the Net Proceeds of the Bonds actually expended will be used to pay or reimburse Qualified Project Costs. Not more than five percent of the Net Proceeds of the Bonds will be expended for or allocated to Project Costs that are not Qualified Project Costs.

For purposes of this subparagraph (a) the Project includes only: (i) those portions of buildings included in the Project that are (A) separate and complete facilities for living, sleeping, eating, cooking and sanitation that will be used on other than a transient basis by one or more persons and that will be available on a regular basis for use by members of the general public and will be rented, or available for rental, on a continuous basis during the longer of the term of the Bonds or the Qualified Project Period, and (B) facilities in building areas that are functionally related and subordinate thereto, such as centrally located machinery and equipment and common areas in a typical apartment building (but not including any health club facilities, except a facility that will be available only to tenants and their guests with no separate fee to be paid for the use of such facility); and (ii) land and other facilities that are properly allocable to such living facilities, such as parking areas and recreational areas for occupants of the living facilities.

Further, all of the allocable functionally related and subordinate land areas, facilities, and building areas taken into account in determining Qualified Project Costs under this subparagraph (a) are of a character and size commensurate with the number and size of the living facilities and are not functionally related and subordinate to, or properly allocable to, any other facilities.

(b) Additional Limitations.

(i) Costs of Issuance. Costs of Issuance in an amount of \$[_____] are expected to be paid out of the Net Proceeds of the Bonds.] The Costs of Issuance financed out of Net Proceeds of the Bonds will not exceed in the aggregate two percent of the Sale Proceeds of the Bonds (i.e., \$[_____]). Costs of Issuance in excess of two percent of Sale Proceeds of the Bonds will be paid by the Borrower from sources other than Net Proceeds of the Bonds.

(ii) Acquisition of Existing Property. No portion of the Net Proceeds of the Bonds will be used to pay or reimburse the cost of acquiring any property or an interest therein unless, (i) the first use of such property is pursuant to such acquisition, except for land, or (ii) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15 percent of the portion

of the cost of acquiring such building and equipment financed with the Net Proceeds of the Bonds (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term “rehabilitation expenditures” shall have the meaning set forth in section 147(d)(3) of the Code. If the Project has two or more buildings, the provisions regarding rehabilitation expenditures are to be applied on a Project-wide basis.

(iii) Limitation on Land Acquisition. Less than 25 percent of the Net Proceeds of the Bonds will be used (directly or indirectly) to acquire land (or an interest therein) and no portion of the Net Proceeds of the Bonds will be used (directly or indirectly) for farming purposes. For this purpose, an amount is considered used for the acquisition of land (or an interest therein) to the extent of that portion of the acquisition cost of the Project that is properly allocable for all federal income tax purposes to the land component (including interests in land) of the Project.

(iv) Prohibited Facilities. None of the Proceeds of the Bonds will be used to acquire, construct, or equip, and no portion of the Project will be, an airplane, a skybox or any other type of luxury box, a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises; provided that, any fitness room functionally related to and subordinate to the Project for use by tenants of the Project or their guest is not considered a health club facility for purposes of this subparagraph.

(v) Payments to Related Persons. Any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower will not exceed an arm’s-length charge that is the amount that would be charged to a person other than the Borrower. Further, any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower would be paid under the same circumstances by a person other than the Borrower to such affiliated person or entity. Notwithstanding the foregoing, in no event will amounts of Proceeds of the Bonds that are paid to a Related Person to the Borrower be treated as spent until such amounts are spent on capital expenditures by such Related Person.

(vi) No Working Capital. Except for an amount that does not exceed five percent of the Sale Proceeds of the Bonds (and that is directly related to the Project), the Proceeds of the Bonds will only be expended for (A) costs that would be chargeable to the capital account of the Project if the Issuer’s income were subject to federal income taxation; (B) interest on the Bonds in an amount that does not cause the aggregate amount of interest paid on the Bonds to exceed that amount of interest on the Bonds that is attributable to the period that commences on the Issue Date of the Bonds and ends on the later of (1) the date that is three years from the Issue Date of the Bonds or (2) the date that is one year after the date on which

the Project is Placed in Service; and/or (C) fees for a qualified guarantee of the Bonds or payment for a qualified hedge on the Bonds.

(vii) No Pooling. The Issuer will not use the Proceeds of the Bonds directly or indirectly to make or finance loans to two or more ultimate unrelated borrowers.

(viii) Weighted Average Economic Life. The Weighted Average Maturity of the Bonds, as calculated by the Financial Advisor as set forth in Exhibit B hereto, is [WAM] years. The weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Bonds is at least [WAM/1.2] years. Thus, the Weighted Average Maturity of the Bonds is not more than 120 percent of the weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Bonds. Such weighted average estimated economic life is determined in accordance with the following assumptions: (A) the weighted average is determined by taking into account the respective costs of each asset, excluding land; (B) the reasonably expected economic life of an asset is determined as of the later of (1) the Issue Date of the Bonds or (2) the date on which such asset is originally Placed in Service (or expected to be Placed in Service); and (C) the economic lives for the itemized assets are the useful lives that would have been used for depreciation purposes under section 167 of the Code prior to the enactment of the ACRS system under section 168 of the Code (i.e., the mid-point lives under the Class Life Asset Depreciation Range System of section 167(m) of the Code where applicable and the guideline lives under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures). The Borrower hereby covenants not make any changes to the Project that would, at the time made, cause the remaining Weighted Average Maturity of the Bonds to be more than 120 percent of the remaining weighted average estimated economic life of the portion of the Project financed with Proceeds of the Bonds.

(c) Reimbursement. Other than (i) the amount of \$100,000 and/or (ii) Preliminary Expenditures up to an amount not in excess of 20 percent of the Issue Price of the Bonds, no portion of the Proceeds of the Bonds will be disbursed to reimburse the Issuer, the Borrower or any Related Person for any expenditures paid or incurred prior to the date that is 60 days before the Official Intent Date, which is the date on which the Issuer adopted a resolution describing the Project, stating the maximum principal amount of obligations expected to be issued for the Project and stating the Issuer's reasonable expectation that expenditures for costs of the Project would be reimbursed with Proceeds of an obligation. Such resolution was not an official intent declared as a matter of course or in an amount substantially in excess of the amount expected to be necessary for the Project. Neither the Issuer nor the Borrower has engaged in a pattern of failure to reimburse actual original expenditures covered by official intents. [The Borrower expects that it will use Proceeds of the Bonds in the amount of approximately \$[] to reimburse itself for expenditures paid prior to the Issue Date of the Bonds.] Such reimbursed portion will be treated as spent for purposes of the "Funds—Project Fund" subparagraph herein and the "Compliance with Rebate Requirements; Rebate Fund" paragraphs herein.

(d) Allocations and Accounting. The Proceeds of the Bonds will be allocated to expenditures not later than 18 months after the later of the date the original expenditure is made or the date the Project is Placed in Service, but in no event later than the date that is 60 days after the fifth anniversary of the Issue Date of the Bonds or the retirement of the Bonds, if earlier; provided that, if such allocation is made pursuant to a reimbursement expenditure described above, such reimbursement allocation will in no event be made later than the date that is three years after the date each such original expenditure is paid. The Borrower hereby elects to consistently allocate the expenditure of Proceeds of the Bonds to Qualified Project Costs of the Project. No Proceeds of the Bonds will be allocated to any expenditures to which Proceeds of any other tax-exempt obligations have heretofore been allocated.

10. Issue Price. In accordance with section 1.148-1(f)(2)(iv) of the Regulations, the Issuer hereby identifies in its books and records maintained for the Bonds the rule the Issuer will use to determine the Issue Price for each maturity of the Bonds is the rule set forth in the second sentence of section 1.148-1(f)(2)(i) of the Regulations, i.e. the Issue Price is the price paid by the single buyer. Based on the representations set forth in Exhibit A hereto, the aggregate Issue Price of the Bonds is \$[7,950,000]. The Issue Price of the Bonds represents the Stated Redemption Price at Maturity.

11. Yield on the Bonds. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) The Yield on the Bonds will be computed separately for each computation period. For the purposes of this Agreement, the Yield on the Bonds for each computation period is the discount rate that, when used in computing the present value as of the first day of the computation period of all payments of principal and interest on the Bonds that are attributable to the computation period, produces an amount equal to the present value, using the same discount rate, of the aggregate Issue Price (or deemed Issue Price, as determined by section 1.148-4(c)(2)(iv) of the Regulations) of the Bonds as of the first day of the computation period. For each group of substantially identical Bonds, the Issue Price is the first price at which the Bonds were sold to the Bank. The Bank intends to hold the Bonds for its own account. The Bonds are not being offered to the public and are not being issued in exchange for property.

(b) As set forth in the Certificate of Financial Advisor attached hereto as Exhibit B, the Yield on the Bonds, calculated in the manner set forth above, is [Bond Yield] percent.

(c) The Borrower and the Swap Counterparty have entered into the Swap. The Borrower has entered into the Swap primarily to modify the risk of interest rate changes on the Bonds. As described more fully in the Qualified Hedge Identification Certificates attached hereto as Exhibit C and D, respectively, (i) payments under the Swap will be made to coincide with interest payments on the Hedged Bonds, (ii) the Swap will be for a period of years not longer than the term of the Hedged Bonds, (iii) all of the terms of the Swap are at fair market value, (iv) the Swap will not contain a significant investment element, (v) no payments have been or will be made or received to acquire the Swap, and (vi) the

Swap Counterparty is not a related party to the Issuer or the Borrower. By executing the Qualified Hedge Identification Certificates, the Swap was identified by the Issuer and the Borrower on the books and records maintained for the Bonds not later than fifteen days after the date on which the Borrower and the Swap Counterparty entered into the Swap. Therefore, the Swap will be treated by the Issuer and the Borrower as a qualified hedge. The Borrower will not enter into a different hedging transaction with respect to the Bonds unless there is first received a Favorable Opinion of Bond Counsel. The Swap Counterparty has made certifications relevant to the treatment of the Swap for federal income tax purposes, such certificate being attached as Exhibit E.

12. Yield on the Bond Loan. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) The Bond Loan is allocated to the Bonds. The Yield on the Bond Loan is computed using the same compounding interval and financial conventions used to compute the Yield on the Bonds. For the purposes of this Agreement, the Yield on the Bond Loan is the discount rate that, when used in computing the present value as of the Issue Date of the Bonds of all receipts with respect to the Bond Loan, produces an amount equal to the present value, using the same discount rate, of the aggregate payments with respect to the Bond Loan as of the Issue Date of the Bonds. The aggregate payments made to the Borrower with respect to the Bond Loan include no payments other than the “purchase price” of the Bond Loan. The purchase price of the Bond Loan is the amount loaned to the Borrower by the Issuer on the Issue Date of the Bonds, i.e. \$[7,950,00].

(b) The Bond Loan is a purpose investment that the Issuer intends to treat as a “program investment” within the meaning of section 1.148-1 of the Regulations, because it is part of a governmental program (i) that involves the origination or acquisition of purpose investments; (ii) in which at least 95 percent of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, organizations exempt from tax under section 501(c)(3) of the Code, persons who provide housing and related facilities, or any combination of the foregoing; (iii) in which at least 95 percent of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption; and (iv) in which the program documents prohibit any obligor on a purpose investment financed by the program or any “related party,” within the meaning of section 1.150-1(b) of the Regulations, to that obligor from purchasing Bonds of an issue that finance the program in an amount related to the amount of the purpose investment acquired from that obligor. The Issuer has not waived the right to treat the Bond Loan as a program investment.

(c) The receipts from the Borrower with respect to the Bond Loan include interest and principal payments with respect to the Bond Loan and the Qualified Administrative Costs paid by the Borrower, and the Qualified Administrative Costs paid

by the Borrower have been taken into account, as provided by 1.148-5(e) of the Regulations, for purposes of computing the yield on the Bond Loan. Because the Issuer intends to treat the Bond Loan as a “program investment” within the meaning of section 1.148-1 of the Regulations, the Qualified Administrative Costs do not include the costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire the Bond Loan, which amounts are set forth in Exhibit F hereto.

(d) As set forth in the Certificate of Financial Advisor attached hereto as Exhibit B, the Yield on the Loan, calculated in the manner set forth above, is [Loan Yield], which does not exceed than the Yield on the Bonds by more than 1.5 percentage points.

13. Investment of Proceeds Pending Expenditure; No Arbitrage. The Issuer and the Borrower hereby represent, covenant and agree as follows:

(a) Investment Proceeds. Amounts on deposit in the Project Fund may be comprised of Proceeds of the Bonds and amounts that are not Proceeds of the Bonds or any tax-exempt obligation. If Proceeds of the Bonds and amounts that are not Proceeds of the Bonds are commingled, the Borrower will take into account for purposes of its covenant to comply with the arbitrage and rebate requirements that Proceeds of the Bonds and amounts that are not Proceeds of the Bonds have been commingled as an investment. Investment Proceeds resulting from the investment of any Proceeds of the Bonds pending expenditure of such Proceeds for Project Costs will be used to pay Qualified Project Costs or, if not used to pay Qualified Project Costs, such amounts will be treated as “bad costs.”

(b) Minor Portion and Yield Reduction Payments. All Gross Proceeds of the Bonds will be invested in accordance with the “Funds” paragraph herein. To the extent such amounts remain on hand following the periods set forth in the “Funds” paragraph herein or exceed the limits set forth in the “Funds” paragraph herein, such amounts will be invested at a restricted Yield as set forth in such paragraph; provided, however, that an amount not to exceed the Minor Portion may be invested at a Yield that is higher than the Yield on the Bonds and, provided further, that, if permitted by section 1.148-5(c) of the Regulations, the Yield restriction requirements may be satisfied by making Yield Reduction Payments to the federal government.

(c) Bonds Are Not Hedge Bonds. Not more than 50 percent of the Proceeds of the Bonds will be invested in a Nonpurpose Investments having a substantially guaranteed Yield for four years or more. Further, at least 85 percent of the spendable Proceeds of the Bonds are reasonably expected to be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Issue Date of the Bonds.

(d) No Arbitrage. On the basis of the facts, estimates and circumstances set forth in this Agreement, it is expected by the Issuer and the Borrower that the Gross Proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code. To the best of the knowledge and belief of the undersigned representatives of the Issuer and the Borrower, there are no other facts, estimates or circumstances that would materially change such expectations. Except as provided in the Indenture and the Bond Loan Agreement, the

Borrower will not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Bond Loan Agreement or the note relating to the Bond Loan, will not establish any segregated reserve or similar fund for such purpose and will not prepay any such amounts in advance of the redemption date of an equal principal amount of the Bonds, unless in each case there will have been delivered a Favorable Opinion of Bond Counsel. The Borrower will not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest Gross Proceeds of the Bonds in any investment (or to use Gross Proceeds of the Bonds to replace money so invested), if as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Bonds to stated maturity, except as permitted by section 148 of the Code. The Issuer and the Borrower further covenant and agree that each will comply with and will take all action reasonably required to ensure that the Trustee complies with all applicable requirements of section 148 of the Code relating to the Bonds and the interest thereon.

14. Covenants of Trustee Relating to Investment of Proceeds. The Trustee will invest funds held under the Indenture in accordance with the respective terms of the Indenture and this Agreement, which covenant will extend throughout the term of the Bonds, to all funds and accounts created under the Indenture and this Agreement and all moneys on deposit to the credit of any fund or account.

Notwithstanding any other provisions of the Indenture or of this Agreement, the Trustee will not make or cause to be made any investment or other use of the moneys in the funds or accounts that would cause the Bonds to be classified as “arbitrage bonds” within the meaning of section 148 of the Code or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. This covenant will extend, throughout the term of the Bonds, to all funds created under the Indenture, and all moneys on deposit to the credit of any fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under the Indenture, the Trustee obligates itself to comply throughout the term of the Bonds with the requirements of section 148 of the Code.

Should the Issuer or the Borrower deliver notice (in the manner required under the Indenture or the Bond Loan Agreement, as applicable) to the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so deliver) or should the Trustee receive an opinion of Bond Counsel to the effect that any proposed investment or other use of Proceeds of the Bonds would cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code, then the Trustee will comply with any written direction of the Borrower regarding such investment or use so as to prevent the Bonds from becoming an “arbitrage bond.”

The Issuer and the Borrower agree that, in complying with the provisions set forth under this subparagraph, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent the Trustee materially follows the written directions of the Borrower or the Issuer.

15. Compliance with Yield Reduction and Rebate Requirements; Rebate Fund.

(a) Covenant to Comply with Rebate Requirements. The Issuer and the Borrower covenant to comply with the requirement that (i) if Gross Proceeds of the Bonds have been invested at a Yield that is “materially higher” the Yield on the Bonds and Yield Reduction Payments are permitted under section 1.148-5(c)(3) of the Regulations, Yield Reduction Payments be made to the federal government and (ii) “rebateable arbitrage earnings” on the investment of the Gross Proceeds of the Bonds, within the meaning of section 148(f) of the Code, be rebated to the federal government.

(b) Rebate Fund. The Indenture established the Rebate Fund which will be maintained and held in trust by the Trustee and which will be disbursed and applied only as herein authorized in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph. Notwithstanding anything herein to the contrary, all provisions of the Indenture relating to the general administration of the funds created thereunder will apply to the Rebate Fund, and the Trustee is afforded all the rights, protections and immunities otherwise accorded to it thereunder as if the provisions set forth in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph were set forth in the Indenture.

(c) Delivery of Documents and Money by Borrower on Computation Dates. The Borrower will deliver to the Trustee and the Issuer, within 55 days after each Computation Date:

(i) a statement, signed by an officer of the Borrower, stating the Rebate Amount as of such Computation Date and the amount of any Yield Reduction Payments due; and

(ii) (A) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90 percent of the Rebate Amount and Yield Reduction Payments due as of such Installment Computation Date, less any “previous rebate payments” (determined in accordance with section 1.148-3(f)(1) of the Regulations), made to the United States of America or (B) if such Computation Date is the Final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount and Yield Reduction Payments due as of such Final Computation Date, less any “previous rebate payments” (determined in accordance with section 1.148-3(f)(1) of the Regulations) made to the United States of America; and

(iii) an IRS Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (“Form 8038-T”) properly signed and completed as of such Computation Date.

(d) Administration of Rebate Fund and Payment of Rebate.

(i) The Trustee will deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. Within five days after each receipt or transfer of funds to the Rebate Fund, the Trustee will withdraw such funds from the Rebate Fund and pay such funds to the United States of America. The Trustee may conclusively rely on the instructions of the Borrower with regard to any actions to be taken by it pursuant to this paragraph and will have no liability for any consequences of any failure of the Borrower to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided herein, the Trustee will have no duty or responsibility with respect to the Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's specific written instructions related thereto.

(ii) Moneys and securities held by the Trustee in the Rebate Fund will not be deemed funds of the Bonds and are not pledged or otherwise subject to any security interest in favor of the owners of the Bonds to secure the Bonds or any other obligations.

(iii) Moneys in the Rebate Fund will be separately invested and reinvested by the Trustee, at the written direction of the Borrower, in Permitted Investments, subject to the Code. The Trustee will sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(iv) The Borrower will provide to the Trustee and the Trustee will keep such records of the results of the computations made pursuant to this paragraph for a period of three years after the last Bond and any tax-exempt obligations issued to refinance the Bonds is retired. The Trustee will keep and make available to the Issuer and the Borrower such records concerning the investments of Gross Proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Issuer or the Borrower in order to enable the Borrower to make the computations required under section 148(f) of the Code.

(e) Correction of Underpayments. If the Borrower discovers or is notified as of any date that any amount required to be paid to the United States of America pursuant to this Agreement has not been paid as required or that any payment paid to the United States of America pursuant to this Agreement has failed to satisfy any requirement of section 148(f) of the Code or section 1.148-3 of the Regulations (whether or not such failure is due to any default by the Borrower, the Issuer, or the Trustee), the Borrower will (i) deliver to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States of America from the Rebate Fund (A) the Rebate Amount or Yield Reduction Payments due that the Borrower failed to pay, plus any interest specified in section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or

notice, the amount determined in accordance with clause (A) of this subparagraph plus the 50 percent penalty required by section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Issuer a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Borrower will take such steps as are necessary to prevent the Bonds from becoming “arbitrage bonds” within the meaning of section 148 of the Code.

(f) Fees and Expenses. The Borrower agrees to pay all of the fees and expenses of Bond Counsel, the Rebate Analyst, and any other necessary consultant employed by the Borrower, the Trustee, or the Issuer in connection with computing the Rebate Amount and the Yield Reduction Payments.

(g) No Diversion of Rebatable Arbitrage. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Bonds that is not purchased at fair market value (as defined in section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Borrower would not have included if the Bonds were not subject to section 148(f) of the Code.

(h) Amounts Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Borrower will not be required to perform the obligations set forth in this “Compliance with Rebate Requirements; Rebate Fund” paragraph, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Gross Proceeds of the Bonds have not been invested at a Yield that is “materially higher” the Yield on the Bonds and therefore is not required to pay Yield Reduction Payments and/or (B) the Borrower has not earned any rebatable arbitrage and, therefore, is not subject to the rebate obligation set forth in section 148(f) of the Code. To the extent that the Borrower will not be required to perform such obligations, the Borrower will send written notice to the Trustee and the Issuer within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this Agreement requiring a payment to be made based on the Rebate Analyst’s calculations showing a rebate being due, no payment will be made by the Trustee to the United States of America if the Borrower furnishes to the Issuer and the Trustee a Favorable Opinion of Bond Counsel. In such event, the Borrower will be entitled to withdraw funds from the Rebate Fund to the extent provided in such Favorable Opinion of Bond Counsel.

(i) Trustee Reliance on Written Directions. The Issuer and the Borrower agree that, in complying with the provisions set forth under this paragraph, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent it materially follows the written directions of the Borrower, the Issuer, or the Rebate Analyst.

16. Funds.

(a) Project Fund. All of the Proceeds of the Bonds in the Project Fund are expected to be invested and disbursed as described in section 5.02 the Indenture to pay Project Costs. The Borrower (i) reasonably expects to allocate at least 85 percent of the Net Proceeds of the Bonds to expenditures on capital projects of the Project prior to the date that is three years after the Issue Date of the Bonds, (ii) has incurred, or reasonably expects to incur within six months after the Issue Date of the Bonds, a binding obligation to a third party that is not subject to any contingencies within the control of the Borrower pursuant to which the Borrower is obligated to expend at least five percent of the Net Proceeds of the Bonds on capital projects of the Project, and (iii) reasonably expects that the acquisition, rehabilitation, and equipping of the Project will proceed with due diligence to completion and the Net Proceeds of the Bonds are reasonably expected to be expended on the Project with reasonable dispatch; therefore, all of such amounts may be invested without regard to Yield restriction. Any amounts not so expended prior to the applicable dates set forth in the preceding sentence will thereafter be invested at a Yield that is not “materially higher” than the Yield on the Bonds, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” subparagraph herein.

(b) Revenue Fund. Amounts on deposit in the Revenue Fund will be used for the purposes and in the order set forth in Section 5.03 of the Indenture. There is no assurance that amounts on deposit in the Revenue Fund will be available to pay debt service on the Bonds.

(c) Bond Fund. Amounts on deposit in the Bond Fund will be used for the purposes set forth in Section 5.04 of the Indenture.

(i) Amounts in the Interest Account and the Principal Account of the Bond Fund will be used primarily to achieve a proper matching of payments made pursuant to the Bond Loan Agreement and debt service on the Bonds within each Bond Year. Any amounts in the Bond Fund held for longer than 13 months will be invested in obligations the Yield on which is not “materially higher” than the Yield on the Bonds, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” subparagraph herein.

(ii) Any amounts held in the Redemption Account of the Bond Fund will be used to effect a redemption of the Bonds in accordance with Section 3.01 of the Indenture. Any amounts in the Redemption Account will be used within 13 months of receipt of amounts in such account.

(d) Rebate Fund. Amounts on deposit in the Bond Fund will be used for the purposes set forth in Section 5.07 of the Indenture. The Rebate Fund will be used in the event the Borrower is required to pay rebatable arbitrage earnings to the federal government, as described in the “Compliance with Rebate Requirements; Rebate Fund” paragraph above. Amounts on deposit in the Rebate Fund are not subject to the lien of the

Indenture; accordingly, there is no assurance that amounts on deposit, if any, in the Rebate Fund will be available to pay debt service on the Bonds.

(e) Restoration Fund. Amounts on deposit in the Restoration Fund, if created, will be used for the purposes and in the order set forth in Section 5.08 of the Indenture. There is no assurance that amounts on deposit in the Restoration Fund will be available to pay debt service on the Bonds.

(f) Costs of Issuance Fund. Amounts on deposit in the Costs of Issuance Fund used for the purpose of paying Costs of Issuance as set forth in Section 5.10 of the Indenture. Amounts remaining in the Costs of Issuance Fund after the payment of all Costs of Issuance, and in any event not later than six months following the Closing Date of the Bonds, will be (i) to the extent such amounts represent Proceeds of the Bonds, transferred to the Project Account of the Project Fund and (ii) to the extent such amounts represent amounts that are not Proceeds of the Bonds, transferred to the Borrower. There is no assurance that amounts on deposit in the Costs of Issuance Fund will be available to pay debt service on the Bonds.

17. Replacement Proceeds. The Issuer and the Borrower hereby represent as follows:

(a) No Sinking Funds. Other than the Bond Fund, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds.

(b) No Pledged Funds. Other than amounts in the Bond Fund, there is no amount that is directly or indirectly pledged to pay principal or interest on the Bonds, or to a guarantor of the Bonds, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Bonds if the Issuer encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Bonds.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Bonds because the Issuer reasonably expects that the term of the Bonds will not be longer than is reasonably necessary for the governmental purpose of the Bonds. Furthermore, even if the Bonds were outstanding longer than necessary for the purpose of the Bonds, no Replacement Proceeds will arise because the Issuer reasonably expects that no amounts will become available during the period that the Bonds remain outstanding longer than necessary based on the reasonable expectations of the Issuer as to the amounts and timing of future revenues. The Bonds would be issued to achieve the governmental purpose of the Bonds independent of any arbitrage benefit as evidenced by the expectation that the Bonds reasonably would have been issued if the interest on the Bonds were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate and that tax credits issued under section 42 of the Code would be available in connection therewith).

18. Not an Abusive Transaction. The Issuer and the Borrower hereby represent as follows:

(a) General. A device has not been and will not be employed in connection with the issuance of the Bonds to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates. Furthermore, no action taken in connection with the Bonds is or will be an abusive arbitrage device by having the effect of (i) enabling the Issuer or the Borrower to exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Bonds over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Bonds are not invested in higher yielding investments over the term of the Bonds) and (ii) overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds, based on all the facts and circumstances. Specifically, (A) the primary purpose of each transaction undertaken in connection with the issuance of the Bonds is a bona fide governmental purpose; (B) each action taken in connection with the issuance of the Bonds would reasonably be taken to accomplish the governmental purposes of the Bonds if the interest on the Bonds were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Bonds); and (C) the Proceeds of the Bonds will not exceed by more than a Minor Portion the amount reasonably anticipated to be necessary to accomplish the governmental purposes of the Bonds and will in fact not be substantially in excess of the amount of Proceeds allocated to expenditures for the governmental purposes of the Bonds.

(b) No Sinking Fund. No portion of the Bonds has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Bonds.

(c) No Window. No portion of the Bonds has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the Issuer to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

(d) No Disposition. No portion of the Project is reasonably expected to be disposed of while the Bonds are outstanding.

19. The Project. The Borrower hereby represents and covenants as follows:

(a) The Project will be comprised of (i) Units, none of which will be owner-occupied other than any functionally related and subordinate Units used by management for the purpose of housing any resident managers, security personnel or maintenance personnel that is reasonably required for the Project, and (ii) facilities, all of which are functionally related and subordinate to the aforementioned Units (i.e., facilities that are of a size and character commensurate with the size and character of such Units). All Units in the Project will be rented to individuals or families for residential occupancy.

(b) There has been and will be no substantial deviation from the description and location of the Project and the Borrower, operator or manager set forth in the notice of hearing published with respect to the Bonds for purposes of satisfying the requirements of section 147(f) of the Code.

(c) The Project will be designed and equipped and will be owned, maintained and operated on a continuous basis in accordance with the Bond Loan Agreement and the Regulatory Agreement. For purposes of this subparagraph, each of the enumerated types of facilities includes the interior furnishings of such facility (including the facility's plumbing, electrical and decorating costs) and the structural components required for the facility (including the facility's walls, ceilings and special enclosures). Each such enumerated type of facility includes only those normal components of the structure in which it is located, such as the structure's structural supports, to the extent that those components are required because of the facility. The recreational facilities, if any, included as part of the Project will be available only to residential tenants and their guests and no separate fee will be required for the use of such facilities.

(d) Except to the extent that any Unit is a single room occupancy unit under section 42 of the Code, each Unit will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation. Specifically, each Unit will contain a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, full-size refrigerator and sink, all of which are separate and distinct from the facilities included in other Units.

(e) Parking spaces included in the Project are functionally related and subordinate to the Units included in the Project in that they are no greater in number than is normally appropriate for a residential rental facility that is of the size of the Project. Only tenants, prospective tenants, guests of tenants, employees of the Borrower, and employees of the manager are expected to use these parking spaces.

(f) If the Project contains a clubhouse, exercise or similar recreational facility, such facility exists as a tenant amenity and may be used by any tenant free of any separate charge and will be constructed for the exclusive use of tenants of the Project and their guests. Such facility, if any, is of a character and size commensurate with the character and size of the Project and will not be open to the general public on a membership basis.

(g) The Project will not include any nonresidential or commercial space, including particularly, without limitation, any other space or facility not described in this paragraph.

(h) No continual or frequent skilled or unskilled nursing services will be available at the Project, although the tenants will be permitted to engage such services from providers that are not affiliated with the Borrower or the manager. Thus, neither the Borrower nor the manager, nor any Related Person to either the Borrower or the manager, will provide any assistance to any tenant in connection with his or her activities of daily living, other than concierge and valet services. The Project will not be licensed as a

convalescent or nursing home, continuing care facility, personal care facility, special care facility or other assisted living facility under State law.

20. Tenant Income Certifications. The Borrower hereby represents and covenants as follows:

(a) The Borrower will obtain and maintain tenant income certifications in a form that satisfies the requirements of section 1.103-8(b)(8) of the Regulations demonstrating that the 40-60 Test is met with respect to the occupied Units continuously throughout the Qualified Project Period [; provided that, if applicable, compliance with such requirement will not be required during the twelve-month “transition period” beginning on the Issue Date of the Bonds, as set forth in Revenue Procedure 2004-39, 2004 C.B. 49.]

(b) The Borrower will ensure that each person who is intended to be a Qualifying Tenant will sign and deliver to the Borrower or a manager of the Project a tenant income certification in the form required by the Regulatory Agreement. In addition, the Borrower will ensure that such person will provide whatever other information, documents or certifications are deemed necessary to substantiate the tenant income certification.

(c) The Borrower will timely file, or take such actions as are necessary to cause any other person who is properly treated as the “operator” for purposes of section 142(d)(7) of the Code to file timely, the annual certifications described in section 142(d)(7) of the Code (currently, IRS Form 8703, Annual Certificate of Residential Rental Project).

(d) For a period of at least three years after the date the Bonds are retired, a tenant income certification in the form required by the Regulatory Agreement will at all times be maintained on file at the applicable location for the Project with respect to each Qualifying Tenant who resides or has resided in a Unit.

21. Form of Lease. The Borrower will ensure that the term of a lease of any Unit will be for a term of not less than six months, subject to the provision that any lease may be terminated if the tenant’s physical condition no longer permits full-time residence in the Project; provided, however, that the form of lease to be utilized by the Borrower in renting any Units to a person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by such person to immediate eviction in accordance with applicable law for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the tenant income certification.

22. Change in Use. The Borrower acknowledges that any failure to satisfy the applicable requirements of sections 103 and 142 through 150, inclusive, of the Code, including the 40-60 Test, with respect to the Project will be treated as a change in use for purposes of section 150(b)(2) of the Code with the result that no deduction will be allowed for federal income tax purposes for interest paid by the Borrower with respect to the portion of the Bond Loan that is allocable to Proceeds of the Bonds that accrues during the period beginning on the first day of the taxable year in which the Project fails to meet such requirements and ending on the date that the Project meets such requirements.

On the earlier of (a) the date on which the Borrower reasonably determines that the Project will not be completed or (b) the date on which the Project is Placed in Service, the Borrower will identify the amount of unspent Net Proceeds of the Bonds, if any, and will use such amount to redeem or, if not permitted by the terms of the Bonds, defease the Bonds, all in accordance with the requirements of section 1.142-2 of the Regulations, the Indenture and the Bond Loan Agreement, as applicable, including the requirement that, if a defeasance is necessary, timely written notice be provided to the IRS.

23. Cashflow Sufficiency. The Borrower reasonably expects that the cash flow from the Project on an annual basis (excluding cash generated from the investment of nonoperating funds or other investment funds maintained by the Borrower) will be sufficient to pay annual debt service on the Bond Loan during each year. Accordingly, the Borrower expects that debt service on the Bond Loan will not be paid, directly or indirectly, from non-operating or other investment funds maintained by the Borrower or any Related Person to the Borrower. Except for the funds described in the “Funds” paragraph above, the Borrower does not expect to create or establish, or otherwise set aside or dedicate, any fund or account that is expected to be used to pay principal or interest on the Bonds or to be pledged, directly or indirectly, to the payment of principal or interest on the Bonds. Investment Proceeds of the Bonds and amounts earned from the investment of such Investment Proceeds will not be commingled with other receipts or revenues of the Borrower.

24. Record Retention. The Issuer, the Borrower and the Trustee will retain or cause to be retained all pertinent and material records relating to the use of the Project, the investment, use and expenditure of the Proceeds of the Bonds and the Project and the calculation of rebate in connection therewith until three years after the Bonds, including any tax-exempt obligations issued to refinance the Bonds, are redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Issuer to retrieve and reproduce such books and records in the event of an examination of the Bonds by the IRS.

25. Examination by IRS. The Borrower acknowledges that, in the event of an examination by the IRS of the exclusion of interest on the Bonds from the gross income of the owners thereof for federal tax purposes, the Issuer will likely be treated as the “taxpayer”, and the Borrower agrees to respond in a commercially reasonable manner on behalf of, and at the direction of, the Issuer (and in consultation with the Trustee, who will have the right to participate in all related proceedings (including tax court challenges and appeals)) to such examination and to pay the costs of the counsel selected by the Issuer to provide a defense regarding the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes. THE BORROWER WILL INDEMNIFY AND HOLD HARMLESS THE ISSUER AND THE TRUSTEE AGAINST ANY AND ALL COSTS, LOSSES, CLAIMS, DAMAGES, OR LIABILITY OF, OR RESULTING FROM, SUCH AN EXAMINATION AND THE SETTLEMENT THEREOF BY THE ISSUER AND THE TRUSTEE (INCLUDING THE COST OF THE ISSUER’S AND THE TRUSTEE’S LEGAL COUNSEL), EXCEPT AS A RESULT OF THE WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE ISSUER (WITH RESPECT TO INDEMNIFICATION OF THE ISSUER) OR THE GROSS NEGLIGENCE,

WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE TRUSTEE (WITH RESPECT TO INDEMNIFICATION OF THE TRUSTEE).

26. Post-Issuance Compliance Procedures. The Borrower has been provided with a copy of the Issuer's written post-issuance compliance procedures regarding federal tax compliance that include provisions to ensure that all nonqualified bonds are remediated according to the requirements under the Code and Regulations and to monitor the requirements of section 148 of the Code. The Borrower has reviewed such written post-issuance compliance procedures and agrees to take such actions as required therein to maintain compliance with requirements in the Code. A copy of the current version of such procedures is attached hereto as Exhibit G.

27. Term. The obligations of the Issuer, the Borrower and the Trustee, under this Agreement will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

28. Amendments.

(a) To the extent any amendments to the Code or the Regulations, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Agreement, this Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as will be necessary to document such automatic amendment hereof.

(b) To the extent that the Code or the Regulations, or any amendments thereto, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Agreement, this Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All reasonable costs, including fees and out-of-pocket expenses actually incurred by the Issuer and the Trustee, in connection with an amendment to this Agreement will be paid by the Borrower and its successors in interest.

29. Remedies. The Issuer, the Trustee, and the Borrower each hereby agree that the remedies available under Section 8.01 of the Indenture and Section 6.02 of the Loan Agreement apply upon the occurrence of an Event of Default (as defined under the Indenture or the Loan Agreement, as applicable) resulting from an action or omission of an action by any party hereunder with respect to any provision of this Agreement.

30. Miscellaneous.

(a) Severability. If any provision of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such provision will not affect any of the remaining provision hereof.

(b) Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

(c) Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto will be deemed given on the date on which the same will have been mailed by registered or certified mail, postage prepaid, addressed to such parties at the addresses set forth in the Indenture and the Bond Loan Agreement, as applicable.

(d) Successors and Assigns. The terms, provisions, covenants and conditions of this Agreement bind and inure to the benefit of the respective successors and assigns of the Issuer, the Borrower, and the Trustee.

(e) Headings. The headings of this Agreement are inserted for convenience only and will not be deemed to constitute a part of this Agreement.

(f) Governing Law. This Agreement is governed by the laws of the State, without regard to the choice of law rules of the State. Venue for any action under this Agreement will lie within the district courts of the State, and the parties hereto consent to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer, the Borrower and the Trustee have caused this Agreement to be executed and delivered by duly authorized officers thereof as of Closing Date.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**, as Issuer

By: _____
Name: Monica Galuski
Title: Director of Bond Finance/Chief Investment
Officer

TCD MCM, LP, a Texas limited partnership

By: TCD McMullen GP, LLC, a Texas limited liability company, its general partner

By: Triton Community Development, LLC, a California limited liability company, its managing member

By: _____
William E. Rice,
Managing Member

WILMINGTON TRUST, N.A., as Trustee

By: _____
Name:
Title:

EXHIBIT A

CERTIFICATE OF BANK

I, the undersigned officer of JP Morgan Chase Bank, a national banking association (the “Bank”), make this certificate in connection with the \$[7,950,000] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (McMullen Square Apartments), Series 2019 (the “Bonds”). Each capitalized term used but not defined herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement to which this Exhibit A is attached (the “Tax Exemption Agreement”).

1. I hereby certify as follows as of the Issue Date of the Bonds:
 - (a) I am the duly chosen, qualified and acting officers of the Bank for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Bank. I am the officer of Bank charged, along with other officers of the Bank, with responsibility for the Bonds.
 - (b) The Bank is not acting as an Underwriter with respect to the Bonds. The Bank has no present intention to sell, reoffer, or otherwise dispose of the Bonds (or any portion of the Bonds or any interest in the Bonds).
 - (c) The Bank has purchased the Bonds from the Issuer for an aggregate purchase price of \$[7,950,000], which price includes no amount of Pre-Issuance Accrued Interest.
 - (d) The Bank is not a Related Party to TCD MCM, LP.
2. For purposes of paragraph 1 of this Certificate of Bank, the following definitions apply:
 - (a) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
 - (b) “Related Party” means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
 - (c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer to participate in the initial sale of the Bonds to the Public, and (ii) any

person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Bank's interpretation of any laws, including specifically sections 103 and 148 of the Code and the Regulations thereunder. The undersigned understand that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Exemption Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Bank has been duly executed as of the Closing Date.

JPMORGAN CHASE BANK,
a national banking association

By: _____

Name: _____

Title: _____

SCHEDULE I
TO CERTIFICATE OF THE UNDERWRITER

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of Financial Advisor (the “Financial Advisor”), make this certificate in connection with the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (McMullen Square) Series 2019 (the “Bonds”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Agreement to which this Exhibit B is attached (the “Tax Exemption Agreement”). I hereby certify as follows as of the Issue Date of the Bonds:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor.

2. The Issue Price plus any Pre-Issuance Interest on the Bonds, based on the representations of the Bank attached as Exhibit A to the Tax Exemption Agreement, is not more than \$[7,950,000].

3. For purposes of demonstrating the fact that yield on the Bond Loan is not higher than the yield on the Bonds by more than 1.5 percentage points, the Financial Advisor has calculated the Yield on the Bonds to be [Bond Yield] and the Yield on the Bond Loan to be [Loan Yield] percent. Accordingly, the Yield on the Bond Loan is not expected to exceed the Yield on the Bonds by more than 1.5 percentage points.

4. For purposes of determining the Yields in paragraph 3 above, the Financial Advisor has performed certain calculations relating to the Bonds and the Bond Loan. Such calculations are attached hereto as Schedule I. The Financial Advisor hereby represents that such calculations are based on assumptions and methodologies provided by Bond Counsel and are in all material respects consistent with the assumptions and methodologies set forth in the “Yield on the Bonds” and “Yield on the Bond Loan” paragraphs of the Tax Exemption Agreement. These calculations include calculations based upon assumptions, information, and estimates obtained from the Borrower and the Issuer, which the Financial Advisor, based on its experience with similar transactions, has no reason to believe are not reasonable in light of the relevant facts and circumstances. To the best of the Financial Advisor’s knowledge, as of the Issue Date of the Bonds, no fact or circumstance has come to the Financial Advisor’s attention that conflicts with the assumptions, information and estimates described in the preceding sentence.

5. As shown in Schedule I attached hereto, the Financial Advisor computed the Weighted Average Maturity of the Bonds, calculated in accordance with the provisions of the Tax Exemption Agreement, to be [WAM] years.

6. The Financial Advisor represents that to the best of its knowledge as of the Issue Date of the Bonds, the statements set forth in paragraphs (a) through (c) of the “Not An Abusive Transaction” paragraph of the Tax Exemption Agreement are true.

The Issuer may rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the

conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes and the preparation of the Form 8038.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Financial Advisor has been duly executed as of the Closing Date.

GEORGE K. BAUM & COMPANY

By: _____

Name: _____

Title: _____

Signature Page to Certificate of George K. Baum & Company

SCHEDULE I
TO CERTIFICATE OF FINANCIAL ADVISOR

Schedule I to Certificate of George K. Baum & Company

EXHIBIT C

ISSUER'S QUALIFIED HEDGE IDENTIFICATION CERTIFICATE

[See Attached]

EXHIBIT D

BORROWER'S QUALIFIED HEDGE IDENTIFICATION CERTIFICATE

[See Attached]

EXHIBIT E
CERTIFICATE OF SWAP COUNTERPARTY

[See Attached]

EXHIBIT F

SCHEDULE OF BOND LOAN COSTS

Paid Prior to Closing

Application Fee	\$2,000
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Paid at Closing

Issuer Issuance Fee	\$
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Issuer Administration Fee (first two years)	\$
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Issuer Compliance Fee (first year)	\$2,500
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Annual Fees

Issuer Administrative Fee (beginning January 1, 2021)	.10% per annum of the aggregate principal amount of the Bonds outstanding
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Issuer Compliance Fee (beginning January 1, 2022)	\$25 per unit in the Project
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EXHIBIT D
POST-ISSUANCE COMPLIANCE PROCEDURES

[See attached]

BOND PURCHASE AGREEMENT

**\$10,000,000 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(MCMULLEN SQUARE)
SERIES 2019**

_____, 2019
Texas Department of Housing and Community Affairs
Austin, Texas 78711

Ladies and Gentlemen:

JPMorgan Chase Bank, N.A., a national banking association (the “*Purchaser*”), offers to enter into the following agreement with the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the “*Issuer*”) and TCD MCM, LP, a Texas limited partnership (the “*Borrower*”), which, upon acceptance, will be binding upon the Issuer, the Borrower and the Purchaser. This offer is made subject to your acceptance of this Bond Purchase Agreement (this “*Bond Purchase Agreement*”) on or before _____, 2019. Reference is made to the Indenture of Trust, dated as of ____ 1, 2019 (the “*Indenture*”), between the Issuer and Wilmington Trust, National Association, a national banking association, as trustee (the “*Trustee*”), the Loan Agreement dated as of ____ 1, 2019 (the “*Loan Agreement*”) among the Issuer, the Purchaser and the Borrower, and the Construction Disbursement Agreement dated as of _____ 1, 2019 (the “*Construction Disbursement Agreement*”) between the Borrower and the Purchaser. All capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture and Construction Disbursement Agreement.

SECTION 1. PURCHASE, SALE AND DELIVERY OF THE BONDS

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, in the Indenture and in the Loan Agreement, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby proposes to issue and agrees to sell to the Purchaser, the Issuer’s Multifamily Housing Revenue Bonds (McMullen Square) Series 2019 (the “*Bonds*”). Subject to the further conditions set forth in this Bond Purchase Agreement, the purchase price of the Bonds shall be advanced by the Purchaser on the Closing Date (as defined herein). The Bonds shall bear interest at the interest rate determined pursuant to the Indenture, and the purchase price thereof shall be advanced by the Purchaser on the Closing Date to the Trustee for the account of the Issuer at a price equal to par.

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable and subject to redemption as provided in, the Indenture. The final terms and conditions of the Indenture shall be subject to the approval of

the Issuer and the Purchaser, and the obligations of the Issuer and the Purchaser thereunder and under this Purchase Agreement are expressly conditioned upon such approval. The issuance of the Bonds is authorized by virtue of the authority of the laws of the State of Texas, and particularly Chapter 2306, Texas Government Code as amended (the “Act”). The Bonds will be limited obligations of the Issuer payable solely from the Trust Estate. Proceeds of the sale of the Bonds will be used by the Issuer in accordance with the Indenture, and the Act to fund one or more loans to the Borrower in accordance with the terms of the Loan Agreement to be used to finance the costs of the acquisition and construction of the Project by the Borrower and the issuance of the Bonds.

(c) On _____, 2019 (such date being herein referred to as the “Closing Date”), the Purchaser will advance the full purchase price of the Bonds in the principal amount of \$10,000,000. The Bonds shall be in registered form, registered in the name of the Purchaser or its nominee, and in such denominations as set forth in the Indenture.

SECTION 2. REPRESENTATIONS AND COVENANTS

(a) The Issuer hereby confirms for the benefit of the Purchaser each of the representations of the Issuer set forth in Section 4.1 of the Loan Agreement as if and to the extent fully set forth in this Bond Purchase Agreement.

(b) The Borrower hereby confirms for the benefit of the Purchaser each of the covenants, representations and warranties of the Borrower set forth in Articles III and V of the Loan Agreement as if and to the extent fully set forth in this Bond Purchase Agreement.

(c) The Borrower hereby covenants that it will not (i) be or become subject at any time to any legal requirement, or list of any governmental agency (including, without limitation, the U.S. Office of Foreign Asset Control List) that prohibits or limits the Purchaser from making any advance or extension of credit to or for the benefit of the Borrower or from otherwise conducting business with the Borrower, or (ii) fail to provide documentary and other evidence of the Borrower’s identity as may be requested by the Purchaser at any time to enable the Purchaser to verify the Borrower’s identity or to comply with any applicable legal requirement, including, without limitation, Section 326 of the U.S.A. Patriot Act of 2001, 31 U.S.C. § 5318 (the “Patriot Act”).

SECTION 3. PRECONDITIONS TO CLOSING DATE. The Purchaser has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and covenants of the Issuer and the Borrower contained herein and to be contained in the Indenture, the Loan Agreement and the other documents and instruments to be delivered on or prior to the Closing Date, as required hereunder, and upon the performance by the Issuer of its obligations hereunder prior to the Closing Date, as required hereunder. Accordingly, the Purchaser’s obligations under this Bond Purchase Agreement to advance the purchase price of the Bonds and to accept delivery of and to pay for the Bonds shall be subject to the performance of such obligations to be performed by the Issuer under the Indenture and by the Borrower hereunder and under the Loan Agreement on or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations of the Issuer contained herein and in the Indenture and Loan Agreement shall be true, complete and correct on the date hereof, and on and as of the Closing Date with the same effect as if made on the Closing Date;

(b) The representations, warranties and covenants of the Borrower contained herein and in the Loan Agreement and Construction Disbursement Agreement shall be true, complete and correct in all material respects on the date hereof, and on and as of the Closing Date with the same effect as if made on the Closing Date;

(c) On the Closing Date, the Indenture shall have been duly authorized, executed and delivered by the respective parties thereto, shall be in form and content satisfactory to the Purchaser and the Issuer, and shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to by the Issuer and Purchaser;

(d) On the Closing Date, the Mortgage shall have been delivered for recording and the title insurer has committed to issue a Title Policy in an amount equal to the committed principal amount of the Bonds insuring the Mortgage as a second priority lien on the leasehold interest in the Project;

(e) On the Closing Date, the Bond Documents shall have been duly authorized, executed and delivered by the respective parties thereto, shall be in form and content satisfactory to the Purchaser and Issuer, and shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Purchaser;

(f) On the Closing Date, the Issuer shall cause the Trustee to deposit all funds held under the Indenture pursuant to the terms of the Indenture;

(g) On the Closing Date, all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter, which would constitute a condition precedent to the performance by the Issuer of its obligations under this Bond Purchase Agreement, the Bonds and the performance by the Issuer and the Borrower of their respective obligations under the Indenture and the Loan Agreement and Bond Documents will have been obtained, and any consents, approvals and orders so received will be in full force and effect;

(h) On the Closing Date, the Purchaser shall have received approving opinions, dated the Closing Date and addressed to the Issuer, of Bracewell LLP, bond counsel for the Issuer, and reliance letters of such counsel dated the Closing Date and addressed to the Purchaser to the effect that such respective approving opinion may be relied on by the Purchaser to the same extent as if such opinion were addressed to the Purchaser;

(i) On the Closing Date, the Purchaser shall have received an opinion with respect to the Borrower and the Guarantor dated the Closing Date and addressed to the

Issuer and the Purchaser, of counsel for the Borrower and the Guarantor to the effect that: (i) the Borrower and the Guarantor are duly organized and validly existing under the laws of the state of their respective organization; (ii) the Borrower has the full legal right, power and authority to enter into the Bond Documents to which it is a party and the Construction Disbursement Agreement to carry out the transactions contemplated thereby; (iii) the Borrower has duly authorized and executed such Bond Documents and Construction Disbursement Agreement and such documents constitute the valid and binding obligations of the Borrower, enforceable in accordance with their respective terms; (iv) the Guarantor has full legal right, power and authority to enter into the Guaranty of Payment, the Guaranty of Completion and the Environmental Indemnity (together the “Guaranties”); and (v) the Guarantor has duly authorized and executed such Guaranties and such Guaranties constitute the valid and binding obligation of the Guarantor, enforceable in accordance with their respective terms.

(j) On the Closing Date, pursuant to the terms of the Indenture and the Loan Agreement, funds shall have been deposited with the Trustee which are sufficient to pay the costs of issuance of the Bonds;

(k) On the Closing Date, there shall not exist any uncured default or Event of Default under the terms of the Indenture, the Loan Agreement or any of the other Bond Documents;

(l) On the Closing Date, the Purchaser shall have received and authorized a requisition in the form of Exhibit E to the Construction Disbursement Agreement; and

(m) On the Closing Date, each of the conditions for the disbursement of moneys from the funds and accounts established under Article IV of the Indenture from the proceeds of the Bonds purchased by the Purchaser shall have been satisfied.

4. FEES AND EXPENSES. The Purchaser shall be under no obligation to pay, and the Borrower shall pay or cause to be paid (out of proceeds of the Bonds or any other legally available funds of the Borrower) all expenses incident to the performance of the Issuer’s and the Borrower’s obligations hereunder, including, but not limited to, the cost of delivering the Bonds to the Purchaser, the fees and disbursements of the Trustee, Bond counsel, Issuer, Purchaser’s counsel, accountants, financial advisors and any other experts or consultants retained in connection with the Bonds, and any other expenses incurred in connection with the issuance of the Bonds. Whether or not the Bonds are delivered to the Purchaser as set forth herein, the Issuer shall be under no obligation to pay any costs or expenses relating to the issuance, sale and delivery of the Bonds.

5. NOTICES

(a) All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when (i) hand delivered, (ii) sent to the applicable address stated below by registered and certified mail, return receipt requested, (iii) by electronic transmission or such other means as shall provide the sender with documentary

evidence of such delivery, (iv) or overnight courier service, or (v) if delivery is refused by the addressee, as evidenced by the affidavit of the person who attempted to effect such delivery.

(b) The address to which notices, certificates and other communications hereunder are as follows:

If to the Issuer:

Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711
Attention: Manager of Multifamily Bonds
Facsimile: (512) 475-1894
Email:

With a copy to:

Bracewell, LLP
111 Congress Avenue, Suite 2300
Austin, Texas 78701
Attention: Elizabeth Bowes, Esq.
Email: elizabeth.bowes@bracewell.com

If to the Purchaser:

JPMorgan Chase Bank, N.A.
Community Development Banking
300 South Grand Avenue, 4th Floor
Los Angeles, California 90071-3109
Attention: Raymond Junior, Executive Director
Email: raymond.junior@chase.com

With copies to:

JPMorgan Chase Bank, N.A.
Legal Department
4 New York Plaza, 21st Floor
Mail Code NY1-E089
New York, New York 10004-2413
Attention: Michael R. Zients, Executive Director
and Assistant General Counsel
Email: michael.r.zients@chase.com

and

Phillips Lytle LLP
1400 First Federal Plaza
Rochester, New York 14614
Attention: Thomas R. Burns, Esq.
Email: tburns@phillipslytle.com

If to the Trustee:

Wilmington Trust, N.A.
15950 North Dallas Parkway, Suite 550
Dallas, Texas 75248
Attention: Dayna Smith
Email: dsmith@wilmingtontrust.com

With a copy to:

Locke Lord LLP
2200 Ross Avenue, Suite 2800
Dallas, Texas 75201-6776
Attention: Kevin L. Twining, Esq.
Email: ktwining@lockelord.com

If to the Borrower:

TCD MCM, LP
c/o Triton Community Development LLC
14131 Yorba Street, Suite 104
Tustin, California 92780
Attention: William E. Rice, Managing Member
Email: brice@tritoncommunity.com

With copies to:

Hobson Bernardino & Davis LLP
Citigroup Center
444 South Flower Street, Suite 3100
Los Angeles, CA 90071
Attention: Jason Hobson, Esq.
Email: jhobson@hbdlegal.com

Shackelford, Bowen, McKinley & Norton, LLP
9201 N. Central Expressway, 4th Floor
Dallas, Texas 75231
Attention: John Shackelford, Esq.
Email: jshackelford@shackelfordlaw.net

Hunt Capital Partners Tax Credit Fund 27, LP
c/o Hunt Capital Partners, LLC
15190 Ventura Boulevard, Suite 100
Encino, California 91436
Attention: Jeffrey N. Weiss

Pillsbury Winthrop Shaw Pittman LLP
1200 South Street, NW
Washington, DC 20036
Attention: Craig A. de Ridder

6. AMENDMENT. This Bond Purchase Agreement may not be amended, changed, modified, altered or terminated except by written instrument executed and delivered by the parties hereto.

7. BINDING EFFECT. This Bond Purchase Agreement shall be binding upon and inure to the benefit of the Issuer, the Borrower and the Purchaser and their respective successors and assigns.

8. EXECUTION OF COUNTERPARTS. This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page of this Bond Purchase Agreement by e-mail transmission, facsimile transmission or other means of communication capable of being evidenced by a paper copy shall be effective as delivery of manually executed counterpart.

9. APPLICABLE LAW. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

10. NO RECOURSE; SPECIAL OBLIGATION. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Bond Purchase Agreement, the Bonds, the Indenture and Bond Documents executed by the Issuer and in the other documents and instruments connected herewith or therewith, and in any documents supplemental thereto shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member, director, officer, agent, servant or employee of the Issuer in his individual capacity, and no recourse under or upon any obligation, covenant or agreement in the Documents contained or otherwise based upon or in respect of the Indenture and the Bond Documents, or for any claim based hereon or thereon or otherwise in respect hereof or thereof, shall be had against any past, present or future member, director, officer, agent, servant or employee, as such, of the Issuer or of any successor public corporation or political subdivision or any Person executing any of the Indenture and the Bond Documents on behalf of the Issuer, either directly or through the Issuer or any successor public corporation or political subdivision or any Person so executing any of the Indenture and the Bond Documents on behalf of the Issuer, it being expressly understood that the Indenture and the Bond Documents and the Bonds issued thereunder are solely corporate obligations, and that no such personal liability whatever shall

attach to, or is or shall be incurred by, any such member, director, officer, agent, servant or employee of the Issuer or of any successor public corporation or political subdivision or any Person so executing any of the Indenture and the Bond Documents on behalf of the Issuer because of the creation of the indebtedness thereby authorized, or under or by reason of the obligations, covenants or agreements contained in the Indenture and the Bond Documents or implied therefrom; and that any and all such personal liability of, and any and all such rights and claims against, every such member, director, officer, agent, servant or employee because of the creation of the indebtedness authorized by the Bond Documents, or under or by reason of the obligations, covenants or agreements contained in the Bond Documents or implied therefrom, are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution by the Issuer of the Bond Documents and the issuance, sale and delivery of the Bonds.

11. SEVERABILITY

(a) If any provision of this Bond Purchase Agreement shall, for any reason, be held or shall, in fact, be inoperative or unenforceable in any particular case, such circumstances shall not render the provision in question inoperative or unenforceable in any other case or circumstance or render any other provision herein contained on any provision of any of the other Bond Documents inoperative or unenforceable.

(b) The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections in this Bond Purchase Agreement shall not affect the remaining portion of this Bond Purchase Agreement or any part thereof.

12. SURVIVAL OF OBLIGATIONS. This Bond Purchase Agreement shall survive the purchase and sale of the Bonds and shall remain in full force and effect until the principal of the Bonds, together with the premium, if any, and interest thereon and all amounts payable under this Bond Purchase Agreement, the Indenture and the Bond Documents, shall have been irrevocably paid in full.

13. RECORDING AND FILING

(a) The Borrower shall record or file or cause to be recorded or filed, as the case may be, at the Borrower's expense, the Mortgage and all other security instruments and financing statements reasonably requested by the Purchaser with respect to the Bonds in such manner and in such places as may be required by law to perfect the liens and security interests contemplated herein and therein.

(b) The Purchaser is authorized to file all security instruments, including without limitation financing statements and continuation statements under the Uniform Commercial Code of the State of Texas, in such manner and in such places as may be required by law to protect and maintain in force all such liens and security interests. The Issuer and the Borrower hereby authorize the Purchaser to file such instruments and statements without execution thereof by the Issuer, the Trustee or the Borrower, and the Issuer shall have no liability to Purchaser if any such instrument or statement is not filed when required.

14. PATRIOT ACT NOTICES. The Purchaser hereby notifies the Borrower that pursuant to the requirements of Section 326 of the Patriot Act it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Purchaser to identify the Borrower in accordance with the Patriot Act.

15. EXPENSES; INDEMNITY; DAMAGE WAIVER

(a) The Borrower shall pay:

(i) all out-of-pocket expenses incurred by the Issuer and the Purchaser, including appraisal fees, inspection fees, inspecting engineer charges, title and escrow charges and original fees, reasonable charges and disbursements of counsel for the Issuer and the Purchaser in connection with the issuance, sale, purchase and securing of the Bonds, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and

(ii) all out-of-pocket expenses incurred by the Issuer and the Purchaser including the reasonable fees, charges and disbursements of any counsel in connection with the enforcement or protection of its rights in connection with the Indenture, this Bond Purchase Agreement or the other Bond Documents, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Bonds.

(b) The Borrower shall indemnify the Issuer and the Purchaser and their respective officers, directors, members, employees and agents (each of the forgoing being called an “Indemnatee”) against, and hold each Indemnatee harmless from, any and all losses, claims, damages, judgments, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnatee incurred by or asserted against any Indemnatee arising out of, in connection with or as a result of (i) the execution or delivery of this Bond Purchase Agreement or any agreement or instrument or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the transactions contemplated hereby, (ii) the use of the proceeds of the Bonds, or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory regardless of any Indemnatee being a party thereto, except if such losses, claims, damages, judgments, liabilities and related expenses arise solely from the gross negligence or willful misconduct of any such Indemnatee.

16. RATE MANAGEMENT TRANSACTION. All Rate Management Transactions, if any, between the Borrower and the Purchaser or any Affiliate of the Purchaser are independent agreements governed by the written provisions of the Rate Management Transaction, which shall remain in full force and effect, unaffected by any payment, prepayment, acceleration, reduction, increase or change in the terms of the Financing Documents, except as otherwise expressly provided in the Rate Management Transaction, and any payoff statement from the Purchaser relating to the Bonds shall not apply to a Rate Management Transaction. The term “*Rate Management Transaction*” means (a) any transaction (including an agreement with respect

thereto) now existing or hereafter entered into between the Borrower and JPMorgan Chase Bank, N.A. and the Purchaser and/or its affiliates which is a rate swap, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, Cap, floor, collar, currency swap, cross-currency rate swap, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, whether index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions, or (b) any type of transaction that is similar to any transaction referred to in clause (a) above that is currently, or in the future becomes, recurrently entered into in the financial markets and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or derivatives are to be made, or any combination of the foregoing transactions.

17. PARTICIPATIONS. The Purchaser may at any time, without consent of the Issuer or the Borrower, sell participations to any Person (other than a natural Person, the Borrower, Guarantor or any Affiliate of the Borrower or Guarantor) (each a “Participant”) in all or a portion of the Bonds, provided that (a) Purchaser’s obligations under this Bond Purchase Agreement and other Bond Documents shall remain unchanged, (b) the Purchaser shall remain solely responsible to the other parties hereto for the performance of such obligations, (c) the Issuer and the Borrower shall continue to deal solely and directly with the Purchaser in connection with the Purchaser’s rights and obligations under this Bond Purchase Agreement and the other Bond Documents. Notwithstanding the foregoing, in order to be effective under this Bond Purchase Agreement, any sale of a participation interest, in whole or in part, with respect to Bonds owned by the Purchaser or the rights and obligations related to such Bonds, shall be subject to compliance by the Purchaser and the prospective transferee or assignee with the terms and conditions of Section 2.15 of the Indenture and shall require the execution and delivery by the Participant of a purchaser letter in the form of Exhibit C to the Indenture.

18. HEADINGS. The headings of the several sections in this Bond Purchase Agreement have been prepared for the convenience of reference only and shall not control, affect the meaning of or be taken as an interpretation of any provision of this Bond Purchase Agreement.

19. INCONSISTENT PROVISIONS. Any irreconcilable inconsistency or conflict between the terms of this Bond Purchase Agreement and the terms of the Indenture, the Loan Agreement, or the Construction Disbursement Agreement shall be governed and controlled by the terms of this Bond Purchase Agreement. Provided, however, nothing in this Section 19 shall be deemed to modify the terms of the Loan Agreement or Regulatory Agreement or affect the Issuer’s or Trustee’s rights with respect to the Reserved Rights of the Issuer.

20. EFFECTIVE DATE. This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof by the Issuer and Borrower and shall be valid and enforceable as of the time of such acceptance.

21. WAIVER OF SPECIAL DAMAGES. Except to the extent prohibited by applicable law, the Borrower shall not assert, and hereby waives, any claim against the Purchaser and its respective officers, directors, members, employees and agents, 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 Bond Purchase Agreement or any agreement or instrument contemplated hereby, the transactions, the Bonds or the use of the proceeds thereof.

22. WAIVER OF JURY TRIAL. THE BORROWER, THE ISSUER AND THE PURCHASER WAIVE, TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A JURY TRIAL IN ANY LEGAL PROCEEDING, DIRECTLY OR INDIRECTLY, ARISING OUT OF OR RELATING TO THIS BOND PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANOTHER PARTY HAS REPRESENTED, EXPRESS OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS BOND PURCHASE AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

[Signature Pages Follow]

VERY TRULY YOURS,

JPMORGAN CHASE BANK, N.A.

By: _____

Name: Raymond Junior

Title: Authorized Officer

[Signature Page to Bond Purchase Agreement]

Accepted as of the date first above written:

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____

Name: J. B. Goodwin

Title: Chair

[Signature Page to Bond Purchase Agreement]

TCD MCM, LP, a Texas limited partnership

By: TCD McMullen GP, LLC, a Texas limited liability company, its general partner

By: Triton Community Development LLC,
a California limited liability company,
its managing member

By: _____

Name: William E. Rice

Title: Managing Member

[Signature Page for Bond Purchase Agreement]

PROMISSORY NOTE

NOTE: THIS PROMISSORY NOTE MAY REQUIRE A BALLOON PAYMENT AT MATURITY

\$10,000,000

Houston, Texas

January 1, 2019

FOR VALUE RECEIVED, the undersigned ("**Borrower**") promises to pay to the order of the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas, (the "**Issuer**"), as Issuer under that certain Indenture of Trust dated as of January 1, 2019 (the "**Indenture**") relating to the Issuer's Multifamily Housing Revenue Bonds (McMullen Square) Series 2019, issued in the principal amount of \$10,000,000 (the "**Bonds**"), c/o Wilmington Trust, National Association, at its offices at 15950 North Dallas Parkway, Suite 550, Dallas, TX 75248, or at such other place as the holder of this Note ("**Holder**") may from time to time designate in writing, the sum of TEN MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$10,000,000) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the rates set forth below. Interest shall accrue on the outstanding principal amount from time to time calculated on the basis of a 360 day year comprised of twelve 30 day months, with interest for any partial calendar month calculated on the basis of a 365 or 366 day year and the actual number of days in that month (determined on a daily basis, the first such determination being made on the date Bondowner Representative advances any portion of the principal of this Note, and other determinations being made on the date upon which a change in such rate occurs).

This Note shall evidence an acquisition, construction and permanent loan to Borrower for the purpose of acquisition and rehabilitation of the Project (as defined in the Indenture), which loan is made with the proceeds of the Bonds to be purchased by JPMorgan Chase Bank, N.A. ("**Bondowner Representative**").

Payments on this Note are expected and intended to correspond to payments of interest, or principal and interest, as the case may be, on the Bonds, and this Note shall be interpreted consistent with this intent.

This promissory note is the "Note" attached to the Loan Agreement as Exhibit A, dated as of January 1, 2019 (as the same may be amended, modified or supplemented from time to time, the "Loan Agreement") between the Borrower, the Bondowner Representative and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

The principal amount and interest shall be payable on the dates and in the amounts set forth on Section 2.07 of the Loan Agreement and on such other dates, that principal and redemption price of, and interest on the Bonds, and the acceleration premium, if any, are payable, subject to prepayment as provided in the Indenture and the Loan Agreement.

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to the Trustee under the Indenture, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of the Bonds. All the terms, conditions and provisions of the Loan Agreement, the Indenture and the Bonds are hereby incorporated as a part of this Note.

Under certain circumstances, the Borrower may at its option and may be required to, prepay all or any part of the amount due on this Note, together with accrued interest thereon, as provided in the Loan Agreement.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Borrower.

The Borrower hereby promises to pay costs of collection and reasonable attorneys' fees in case of an Event of Default on this Note, as set forth in the Loan Agreement.

This Note shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to conflict of laws principles.

All agreements between Borrower and Issuer, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency or event whatsoever, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to Issuer exceed interest computed at the Maximum Rate (as defined below). If, from any circumstance whatsoever, interest would otherwise be payable to Issuer in excess of interest computed at the Maximum Rate, the interest payable to Issuer shall be reduced to interest computed at the Maximum Rate; and if from any circumstance Issuer shall ever receive anything of value deemed interest by applicable law in excess of interest computed at the Maximum Rate, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Borrower. All interest paid or agreed to be paid to Issuer shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed interest computed at the Maximum Rate. This section shall control all agreements between Borrower and Issuer, and any successive holder of this Note. The term "Maximum Rate" shall mean the highest lawful rate of interest applicable to the loan transaction evidenced by this Note taking into account whichever of applicable federal law or Texas law permits the higher rate of interest, and after also taking into consideration all compensation deemed interest under applicable law.

[Signature Page to Follow]

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BORROWER:

TCD MCM, LP, a Texas limited partnership

By: TCD McMullen GP, LLC, a Texas limited liability company, its general partner

By: Triton Community Development, LLC, a California limited liability company, its managing member

By: _____
William E. Rice,
Managing Member

ENDORSEMENT

Pay to the order of Wilmington Trust, National Association., without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for such Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**

By: _____
Name: J.B. Goodwin
Title: Chair

Dated: _____, 2019

MCMULLEN SQUARE APARTMENTS
BOND LOAN

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

Thomas R. Burns, Esq.

Phillips Lytle LLP

28 E. Main Street, Suite 1400

Rochester, New York 14614

**CONSTRUCTION AND PERMANENT DEED OF TRUST,
SECURITY AGREEMENT, ASSIGNMENT OF LEASES
AND RENTS AND FIXTURE FILING**

THE PROMISSORY NOTE SECURED BY THIS DEED OF TRUST MAY PROVIDE FOR A VARIABLE RATE OF INTEREST AND/OR A BALLOON PAYMENT AT MATURITY.

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Loan Amount: [\$10,000,000]

Property Address: 537 North General McMullen Drive, San Antonio, Texas

THIS CONSTRUCTION AND PERMANENT DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING ("Deed of Trust"), is made as of _____ 1, 2019, to be effective as of the date of delivery of the Loan Agreement (as defined below), by TCD MCM, LP, a Texas limited partnership whose address is 14131 Yorba Street, Suite 104, Tustin, California 92780, ("Trustor") to _____, as Trustee, whose address for purposes of this instrument is _____, (the "Trustee"), for the benefit of TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS., a public and official agency of the State of Texas, as Issuer whose address is P.O. Box 13940, Austin, Texas 78711 (the "Issuer") under that certain Indenture of Trust (the "Indenture") dated as of _____ 1, 2019, relating to the Issuer's \$10,000,000 Multifamily Housing Revenue Bonds (McMullen Square) Series 2019 (the "Bonds") (Issuer is referred to herein as "Beneficiary").

Pursuant to the Indenture, the Beneficiary will assign its rights under this Deed of Trust and the other Loan Documents (as defined in the Indenture) to Wilmington Trust, National Association, a national banking association, as Trustee under the Indenture ("Bond Trustee"). In accordance with that certain Forward Bond Purchase Agreement dated as of _____ 1, 2019 (the "Forward Bond Purchase Agreement") by and among Trustor, JPMorgan Chase Bank, N.A., a national banking association (the "Bondholder Representative"), and Cedar Rapids Bank

and Trust Company (together with its successors, assignees and other transferees, "Permanent Lender"), Permanent Lender has agreed, subject to satisfaction of the terms and conditions set forth therein, to purchase the Bonds and in connection with such purchase, shall be assigned all right, title and interest of Bondholder Representative under the Indenture, the Loan Agreement (defined below) and the other Loan Documents).

ARTICLE 1

GRANTING CLAUSE

1. GRANTING CLAUSE. Trustor, in consideration of the acceptance by Trustee of the trust hereunder, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the obligations described in Article 3 below, irrevocably grants, bargains, sells, and conveys to Trustee and its successors in trust and assigns, forever, in trust, with power of sale, all of Trustor's estate, right, title, interest, claim and demand in and to the property listed below and the fee interest in the land in the City of San Antonio, County of Bexar, State of Texas, described on Exhibit A attached hereto (the "Land"), whether now existing or hereafter acquired (all of the property described in all parts of this Article 1 and all additional property, if any, described in Article 2 is herein called the "Property");

1.1 Land and Appurtenances. The Land and all tenements, hereditaments, rights-of-way, easements, appendages and appurtenances thereto belonging or in any way appertaining, including without limitation all of the right, title and interest of Trustor in and to any avenues, streets, ways, alleys, vaults, strips or gores of land adjoining the Land, all rights to water, water stock, drains, drainage and air rights relating to the Land, and all claims or demands of Trustor either in law or in equity in possession or expectancy of, in and to any of the aforesaid; and

1.2 Improvements and Fixtures. All buildings, structures and other improvements now or hereafter erected on the property described in Section 1.1 above, and all facilities, fixtures, machinery, apparatus, installations, goods, equipment, inventory, furniture and other property of whatsoever nature (including without limitation all heating, ventilating, air conditioning, plumbing, generating and electrical equipment, all elevators and escalators, all sprinkler systems, all engines and motors, all lighting, laundry, cleaning, life safety, fire prevention and fire extinguishing equipment, all ducts and compressors, all refrigerators, stoves, washers, dryers, dishwashers and other appliances, attached cabinets, partitions, rugs, carpets and draperies, all screens and other window treatments, all pool equipment and supplies, all communications equipment, all building materials and supplies, and all construction forms, tools and equipment), now or hereafter located in or used or procured for use in connection with that property, it being the intention of the parties that all property of the character hereinabove described which is now owned or hereafter acquired by Trustor and which is affixed or attached to, stored upon or used in connection with the property described in Section 1.1 above shall be, remain or become a portion of that property and shall be covered by and subject to the lien of this Deed of Trust, together with all contracts, agreements, permits, plans, specifications, drawings, surveys, engineering reports and other work products relating to the

construction of the existing or any future improvements on the Land, any and all rights of Trustor in, to or under any architect's contracts or construction contracts relating to the construction of the existing or any future improvements on the Land, and any performance and/or payment bonds issued in connection therewith, together with all trademarks, trade names, copyrights, computer software and other intellectual property used by Trustor in connection with the Property; and

1.3 Enforcement and Collection. Any and all rights of Trustor without limitation to make claim for, collect, receive and receipt for any and all rents, income, revenues, issues, royalties, and profits, including mineral, oil and gas rights and profits, insurance proceeds of any kind (whether or not Beneficiary requires such insurance and whether or not Beneficiary is named as an additional insured or loss payee of such insurance), condemnation awards and other moneys, payable or receivable from or on account of any of the Property, including interest thereon, or to enforce all other provisions of any other agreement (including those described in Section 1.2 above) affecting or relating to any of the Property, to bring any suit in equity, action at law or other proceeding for the collection of such moneys or for the specific or other enforcement of any such agreement, award or judgment, in the name of Trustor or otherwise, and to do any and all things which Trustor is or may be or become entitled to do with respect thereto, provided, however, that no obligation of Trustor under the provisions of any such agreements, awards or judgments shall be impaired or diminished by virtue hereof, nor shall any such obligation be imposed upon Trustee or Beneficiary; and

1.4 Accounts and Income. Any and all rights of Trustor in any and all accounts, deposit accounts, rights to payment, contract rights, chattel paper, documents, instruments, licenses, contracts, agreements and general intangibles relating to any of the Property, including, without limitation, income and profits derived from the operation of any business on the Property or attributable to services that occur or are provided on the Property or generated from the use and operation of the Property; and

1.5 Leases. All of Trustor's rights as landlord in and to all existing and future leases and tenancies, whether written or oral and whether for a definite term or month to month or otherwise, now or hereafter demising all or any portion of the property described in Sections 1.1 and 1.2 above, including all renewals and extensions thereof and all rents, deposits and other amounts received or receivable thereunder. In accepting this Deed of Trust neither Beneficiary nor Trustee assumes any liability for the performance of any such lease; and

1.6 Books and Records. All books and records of Trustor relating to the foregoing in any form and all computer software necessary or useful to reading such books and records; and

1.7 Permits. To the extent assignable, all permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Land and the Improvements (including, without limitation, any form of reservation for utility capacity that may be granted by any governmental subdivision; and

1.8 Tax Credits. To the extent a security interest can be granted under applicable law, all right, title, and interest of Trustor in and to any Low-Income Housing Tax Credit (as that term is used in Section 42 of the Internal Revenue Code of 1986, as amended) relating to the Property and the use thereof;

1.9 Other Rights. All timber, crops, and to the extent assignable, all letter of credit rights, investment property, environmental site assessments and soils tests, and arising from or by virtue of any transactions relating to the Land and the other Property.

ARTICLE 2

ASSIGNMENT OF LEASES AND RENTS

2. SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND CONSTRUCTION MORTGAGE.

2.1 Security Agreement. To the extent any of the property described in Article 1 is personal property, Trustor, as debtor, grants to Beneficiary, as secured party, a security interest therein together with a security interest in all other personal property of whatsoever nature which is owned by Trustor and is located on or used or to be used in connection with any of the Property described in Article 1, and any products or proceeds of any thereof, pursuant to the Uniform Commercial Code of the State of Texas (the "UCC"), on the terms and conditions contained herein. Beneficiary hereby assigns such security interest to Trustee, in trust, for the benefit of Beneficiary to be dealt with as a portion of the "Property" except as otherwise specified herein.

2.2 Assignment of Leases and Rents.

- (a) Assignment. Trustor hereby absolutely, irrevocably, and unconditionally grants, transfers, conveys, sells, sets over and assigns to Beneficiary all of Trustor's right, title and interest now existing and hereafter arising in and to the leases, subleases, concessions, licenses, franchises or other agreements, whether oral or written, now existing and hereafter arising which affect the Property, Trustor's interest therein and any improvements located thereon, together with any and all security deposits, guarantees of the lessees' obligations (including any and all security thereunder) and other security under any such leases, subleases, concessions, licenses, franchises or other agreements (all of the foregoing, and any and all extensions, modifications and renewals thereof, shall be collectively referred to herein as the "Leases"), and hereby gives to and confers upon Beneficiary the right to collect all the income, rents, issues, profits, royalties and proceeds from the Leases and any business conducted on the Property and any and all prepaid rent and security deposits thereunder (collectively, the "Rents"). This Deed of Trust is intended by Beneficiary and Trustor to create and shall be construed to create an absolute assignment to Beneficiary of all of Trustor's right, title and interest in and

to the Leases and shall not be deemed to create a security interest therein for the payment of any indebtedness or the performance of any obligations under the Loan Documents (as hereinafter defined). Trustor grants a security interest to Beneficiary in the Rents, in accordance with the Texas Assignment of Rents Act (codified as Chapter 64 of the Texas Property Code). Notwithstanding any other provision hereof or in any of the Loan Documents to the contrary, all provisions related to the assignment of rents in this Deed of Trust are subject to the terms, provisions, and conditions of the Texas Assignment of Rents Act ("TARA"), as codified in Tex. Prop. Code, Chapter 64, as the same may be amended, modified or supplemented from time to time. To the extent that specific terms and requirements of this Deed of Trust or any other Loan Document, including the Loan Agreement, conflict with the specific terms and requirements of TARA, (i) to the extent such terms and requirements of TARA may be superseded by an agreement between the parties, the specific terms and requirements of this Deed of Trust or the other Loan Documents hereby supersedes such specific terms and requirements of TARA; and (ii) to the extent that such terms and requirements of TARA cannot be superseded by an agreement between the parties, the specific terms and requirements of TARA shall control, and the parties further agree that all other terms and requirements of this Deed of Trust or the other Loan Documents shall not otherwise be impaired or superseded thereby and shall remain in full force and effect. This Deed of Trust is intended to be a Security Instrument for purposes of TARA and the indebtedness secured by this Deed of Trust shall be a secured obligation for purposes of TARA. Promptly upon request by Beneficiary, Trustor agrees to execute and deliver such further assignments as Beneficiary may from time to time require. Trustor and Beneficiary intend this assignment and grants of a security interest of Rents to be an assignment for security of the indebtedness secured by this Deed of Trust. Rents shall be deemed to be a part of the "Property". It is the intention of the Trustor that this Deed of Trust create and perfect a lien on Rents in favor of Beneficiary, which lien shall be effective as of the date of this Deed of Trust. Subject to the foregoing, and only to be effective when an Event of Default exists, Trustor irrevocably appoints Beneficiary its true and lawful attorney at the option of Beneficiary at any time to demand, receive and enforce payment, to give receipts, releases and satisfactions and to sue, either in the name of Trustor or in the name of Beneficiary, for all such Rents and apply the same to the indebtedness secured by this Deed of Trust.

- (b) Revocable License to Collect. Notwithstanding the foregoing assignment of Rents, so long as no Event of Default (as hereinafter defined) remains uncured, Trustor shall have a revocable license to collect all Rents, and to retain the same. If an Event of Default exists, Trustor's license to collect and retain Rents shall terminate automatically.

- (c) Collection and Application of Rents by Beneficiary. While any Event of Default remains uncured, (i) Beneficiary may at any time, without notice, in person, by agent or by court-appointed receiver, and without regard to the adequacy of any security for the obligations secured by this Deed of Trust, enter upon any portion of the Property and/or, with or without taking possession thereof, in its own name sue for or otherwise collect Rents (including past due amounts), and (ii) without demand by Beneficiary therefor, Trustor shall promptly deliver to Beneficiary all prepaid rents, deposits relating to Rents, and all other Rents then held by or thereafter collected by Trustor, whether prior to or during the continuance of any Event of Default. Any Rents collected by or delivered to Beneficiary may be applied by Beneficiary against the obligations secured by this Deed of Trust, less all expenses, including attorneys' fees and disbursements, in such order as Beneficiary shall determine in its sole and absolute discretion. No application of Rents against any obligation secured by this Deed of Trust or other action taken by Beneficiary under this Section 2.2 shall be deemed or construed to cure or waive any Event of Default, or to invalidate any other action taken in response to such Event of Default, or to make Beneficiary a mortgagee-in-possession of the Property.
- (d) Direction to Tenants. Trustor hereby irrevocably authorizes and directs the tenants under all Leases to pay all amounts owing to Trustor thereunder to Beneficiary following receipt of any written notice from Beneficiary that states that an Event of Default remains uncured and that all such amounts are to be paid to Beneficiary. Trustor further authorizes and directs all such tenants to pay all such amounts to Beneficiary without any right or obligation to inquire as to the validity of Beneficiary's notice and regardless of the fact that Trustor has notified any such tenants that Beneficiary's notice is invalid or has directed any such tenants not to pay such amounts to Beneficiary.

2.3 Construction Mortgage. This Deed of Trust shall constitute a "construction mortgage" under Section 9.334(h) and Section 2A.309 of the UCC.

2.4 Additional Provisions Regarding Assignment Of Rents. Section 2.2 will not be construed to require a *pro tanto* or other reduction of the Note (hereinafter defined) resulting from the assignment of Rents. If the provisions of Section 2.2 and the preceding sentence cause the assignment of Rents in Section 2.2 to be deemed to be an assignment for additional security only, Beneficiary will be entitled to all rights, benefits and remedies attendant to such collateral assignment. The assignment of Rents contained in Section 2.2 will terminate upon the release of this Deed of Trust.

ARTICLE 3

SECURED OBLIGATIONS

3. OBLIGATIONS SECURED. This Deed of Trust is given for the purpose of securing:

3.1 Performance and Payment. The performance of the obligations contained herein and the payment of (i) \$10,000,000 with interest thereon and all other amounts payable according to the terms of a promissory note of even date herewith made by Trustor, payable to Beneficiary or order, with a maturity date of January 31, 2036, and (ii) any and all extensions, renewals, modifications or replacements of (i) above, whether the same be in greater or lesser amounts (collectively, (i) and (ii) shall be referred to herein as the "Note"), which Note may provide for one or more of the following: (a) a variable rate of interest; (b) a balloon payment at maturity; or (c) deferral of a portion of accrued interest under certain circumstances with interest so deferred added to the unpaid principal balance of the Note and secured hereby. The loan evidenced by the Note and secured by this Deed of Trust shall be referred to as the "Loan". As more particularly set forth in the Loan Agreement (the "Loan Agreement") of even date herewith among Trustor, Beneficiary, and Bondholder Representative, the Loan evidenced by the Note will convert from a construction loan to a permanent loan upon the terms and subject to the conditions set forth in the Forward Bond Purchase Agreement, and this Deed of Trust will continue to secure any and all obligations described in this Article 3 following such conversion without any loss of the priority of the lien created hereby or other effect whatsoever.

3.2 Future Advances. The repayment of any and all sums advanced or expenditures made by Beneficiary subsequent to the execution of this Deed of Trust for the maintenance or preservation of the Property or advanced or expended by Beneficiary pursuant to any provision of this Deed of Trust subsequent to its execution, together with interest thereon.

ARTICLE 4

REPRESENTATIONS AND COVENANTS

4. WARRANTIES AND COVENANTS OF TRUSTOR. Trustor warrants, covenants, and agrees:

4.1 Warranties.

- (a) Trustor has full power and authority to grant the Property to Trustee and warrants the Property to be free and clear of all liens, charges, and other encumbrances except Permitted Encumbrances (as defined below). "Permitted Encumbrances" means the liens, easements, and encumbrances of title described on Exhibit B attached hereto, to the extent each is valid,

subsisting and affects title to the Property, and all other liens permitted by the Loan Agreement.

- (b) None of the Property is used principally or at all for agricultural or farming purposes.
- (c) The Property is free from damage and no matter has come to Trustor's attention (including, but not limited to, knowledge of any construction defects or nonconforming work) that would materially impair the value of the Property as security.
- (d) The Loan is primarily for commercial, industrial or business purposes and is not primarily for personal, family or household purposes.

4.2 Preservation of Lien. Trustor will preserve and protect the priority of this Deed of Trust as a first lien on the Property. If Trustor fails to do so, Beneficiary may take any and all steps necessary or appropriate to do so and all sums expended by Beneficiary in so doing shall be treated as part of the obligations secured by this Deed of Trust, shall be paid by Trustor upon demand by Beneficiary and shall bear interest at the Default Rate (hereinafter defined).

4.3 Construction. Trustor will (i) commence of the rehabilitation of the Improvements promptly following execution and recordation of this Deed of Trust, (ii) continue such construction in an expeditious manner and not cease or substantially cease productive construction work thereof without the prior written consent of Beneficiary (except as otherwise expressly permitted by the Construction Disbursement Agreement), (iii) complete the Improvements within the period of time specified in the Construction Disbursement Agreement to Beneficiary's (or the Bondholder Representative's, as the case may be) reasonable satisfaction substantially in accordance with the Plans and Specifications (as defined in the Construction Disbursement Agreement) previously furnished to and approved by Beneficiary (or the Bondholder Representative, as the case may be), and (iv) comply with all other terms and conditions of the Construction Disbursement Agreement.

4.4 Repair and Maintenance of Property. Trustor will keep the Property in good condition and repair, which duty shall include but is not limited to continual cleaning, painting, landscaping, repairing and refurbishing of the Property; will complete and not remove or demolish, alter, or make material additions to any building or other improvement which is part of the Property without the express written consent of Beneficiary; will underpin and support when necessary any such building or other improvement and protect and preserve the same; will complete or restore promptly and in good and workmanlike manner any such building or other improvement which may be damaged or destroyed and pay when due (or bond around or contest as provided in this Deed of Trust) all claims for labor performed and materials furnished therefor; will not commit, suffer or permit any act upon the Property in violation of law; and will do all other acts which from the character or use of the Property may be reasonably necessary

for the continued operation of the Property in a safe and legal manner, the specific enumerations herein not excluding the general.

4.5 Insurance.

- (a) Trustor will provide, maintain, and deliver to Beneficiary, as further security for the faithful performance of this Deed of Trust, all insurance as required by the Loan Agreement and Construction Disbursement Agreement. All policies of insurance on the Property, whether or not required by the terms of this Deed of Trust, shall name Beneficiary as first loss payee pursuant to a standard first-mortgage endorsement on Form 438BFU or on a loss-payee form substantially equivalent to the New York standard mortgage endorsement, with such deductibles as approved by Beneficiary but that are, in any event, not more than \$10,000. Trustor shall be responsible for any uninsured losses and any deductibles. All existing and future policies for all insurance required by this Deed of Trust and all other insurance obtained by Trustor with respect to the Property, whether or not required by Beneficiary (including, but not limited to, earthquake insurance), and the proceeds of all of the foregoing, are hereby assigned to Beneficiary (and shall be paid to Beneficiary for application as herein provided), but no such assignment shall be effective to invalidate or impair any insurance policy. In addition to the foregoing, the Beneficiary must be named as first loss payee pursuant to a standard first-mortgage endorsement in accordance with the terms set forth above with respect to the Property under the master condominium insurance policy maintained by the owner's association or other entity (the "Condominium Association") which acts for the Aldrich 51 Condominiums (the "Condominium").
- (b) Insurance Survey. During the last thirty (30) days of every third year computed from the date hereof, Trustor will have an insurance survey of the Property made. Trustor shall at these times obtain such additional coverages or make such increases in the amounts of existing coverage as may be requested by Beneficiary on the basis of such survey.
- (c) Damage and Destruction In the event of any damage to or loss or destruction of the Property, Trustor shall: (i) promptly notify Beneficiary of such event if the damage to or loss or destruction of the Property is of a value in excess of \$75,000; (ii) take such steps as shall be necessary to preserve any undamaged portion of the Property; and (iii) unless otherwise instructed by Beneficiary, as hereinafter provided, shall, regardless of whether the insurance proceeds, if any, shall be sufficient for the purpose, promptly commence and diligently pursue to completion the restoration, replacement and rebuilding (collectively, "Restoration") of the Property as nearly as possible to its value, condition and character immediately prior to such damage, loss or destruction and in accordance with the plans and

specifications approved, and with other provisions for the preservation of the security hereunder established, by Beneficiary, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, if an Event of Default (as defined below and hereafter used) is then continuing or if the sum of insurance proceeds and other amounts available to Trustor for the restoration are not sufficient to pay for the planned restoration, Beneficiary may, at its option, apply the insurance proceeds to the obligations secured by this Deed of Trust.

(d) Beneficiary's Rights: Application of Proceeds. In the event that any portion of the Property is so damaged, destroyed or lost, and any such damage, destruction or loss is covered in whole or in part, by insurance described in Section 4.5(a), whether or not such insurance is specifically required by the terms of this Deed of Trust, then the following provisions shall apply:

(i) If an Event of Default has occurred hereunder and is continuing that would not be cured by the timely Restoration of the damaged portion of the Property, (A) Beneficiary may, but shall not be obligated to, make proof of loss to any insurer if not made promptly by Trustor, and Beneficiary is hereby authorized and empowered by Trustor to settle, adjust or compromise any claims for damage, destruction or loss thereunder unless the proposed amount of proceeds from such claims exceeds the then outstanding amount of the indebtedness secured hereby, and (B) each insurance company concerned is hereby authorized and directed to make payment therefor directly to Beneficiary, to be applied, at Beneficiary's option, to the indebtedness secured hereby in such order as Beneficiary may determine, in its sole discretion or to be held by Beneficiary for future application to the obligations secured hereby. Unless otherwise required by law, any application to the indebtedness secured hereby by Beneficiary of such payments shall not, by itself, cure or waive any Event of Default hereunder or notice of default under this Deed of Trust or invalidate any act done pursuant to such notice or waive any collateral encumbered hereby or otherwise securing the Note.

(ii) If no Event of Default hereunder has occurred and is continuing, and if the amount of proceeds from any claim for damage, destruction or loss is reasonably expected to be \$75,000.00 or less, Trustor shall be entitled to receive all such proceeds and shall apply such proceeds to the Restoration of that portion of the Property so damaged, destroyed or lost to as nearly the same condition, character and value as may have existed prior to such damage, destruction or loss, with such changes or alterations as may be required to conform to applicable law.

(iii) If such proceeds are reasonably expected to exceed \$75,000, and if an Event of Default has not occurred hereunder and is not continuing (other than an Event of Default that would be cured by the timely Restoration of the damaged portion of the Property), Beneficiary shall apply all such insurance proceeds to the Restoration of the damaged portion of the Property, and such Restoration shall be accomplished as provided in this Section 4.5(d) so long as such Restoration can, in the reasonable judgment of Beneficiary, be completed (A) no later than two (2) years prior to the maturity date of the Note, (B) within one (1) year after the date of the casualty, and (C) in such a manner so that the Property will have a value at least equal to its value prior to the casualty. Otherwise, Beneficiary may elect in its sole discretion to apply all such insurance proceeds to reduction of the indebtedness secured hereby.

- (e) Disbursement of Insurance Proceeds. Insurance proceeds held by Beneficiary (or the Bond Trustee, as the case may be) for Restoration shall be disbursed from time to time as the Restoration progresses by Beneficiary (or the Bond Trustee, as the case may be) (or at Beneficiary's election by a disbursing or escrow agent who shall be selected by Beneficiary and whose fees shall be paid by Trustor), upon delivery to Beneficiary and the Bondholder Representative of the following: (i) evidence reasonably satisfactory to Beneficiary of the estimated cost of Restoration; (ii) funds (or assurances reasonably satisfactory to Beneficiary that such funds are available) sufficient in addition to the proceeds of insurance to complete and fully pay for the Restoration; and (iii) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, plats of survey and such other evidences of cost, payment and performance as Beneficiary may reasonably require and approve. No payment made prior to the final completion of Restoration shall exceed ninety percent of the value of the work performed from time to time, as such value shall be determined by Beneficiary in its reasonable judgment. Prior to commencement of the work, and from time to time thereafter, if so requested by Beneficiary (or the Bondholder Representative), Trustor shall deposit with Beneficiary (or the Bond Trustee, as the case may be) an amount of funds in excess of the insurance proceeds which, together with such proceeds, shall at all times be at least sufficient in the reasonable judgment of Beneficiary to pay the entire unpaid cost of the Restoration, free and clear of all liens or claims of lien. Funds so deposited by Trustor shall be disbursed prior to the disbursement of any insurance proceeds. Any surplus which remains out of insurance proceeds held by Beneficiary after payment of all costs of the Restoration shall be paid to Trustor. No interest shall be allowed to Trustor on account of any insurance proceeds or other funds held by Beneficiary (or the Bond Trustee, as the case may be), but Beneficiary

agrees that, at Trustor's request, Beneficiary will deposit any proceeds of insurance held by it for Restoration into a blocked non-interest bearing account with Beneficiary (or the Bond Trustee, as the case may be) over which Beneficiary (or the Bond Trustee and Bondholder Representative as assignee and designee) has sole possession, authority and control, in which Beneficiary has a perfected first-priority security interest to secure the indebtedness secured by this Deed of Trust, and otherwise on terms and conditions satisfactory to Beneficiary in its sole discretion. Notwithstanding the above, if an Event of Default occurs (other than an Event of Default that would be cured by the timely Restoration of the damaged portion of the Property) prior to full disbursement of the insurance proceeds and any other funds held by Beneficiary to be disbursed to Trustor any undisbursed portion of the insurance proceeds or other such funds may, at Beneficiary's (or the Bond Trustee and Bondholder Representative as assignee and designee) option, be applied against the indebtedness secured by this Deed of Trust, whether or not then due, in such order and manner as Beneficiary (or the Bond Trustee and Bondholder Representative as assignee and designee) shall select.

- (f) Effect on the Indebtedness. Any reduction in the indebtedness secured hereby resulting from the application to the indebtedness secured hereby of insurance proceeds pursuant to this Deed of Trust shall be deemed to take effect only on the date of receipt by Beneficiary of such proceeds and application thereof to the indebtedness secured hereby; provided that, if, prior to the receipt by Beneficiary of such proceeds, the Property shall have been sold in connection with a trustee's sale under, or foreclosure of this Deed of Trust, or shall have been transferred by deed in lieu of foreclosure of this Deed of Trust, notwithstanding any limitation on Trustor's liability contained herein or in the Note, Beneficiary shall have the right to receive the same to the extent of any deficiency following such sale or conveyance, together with reasonable attorneys' fees and disbursements incurred by Beneficiary in connection with the collection thereof.
- (g) Beneficiary may secure the insurance only in its own name and may insure only its interest in the Property, and in connection with Beneficiary securing any such insurance, without in any way limiting another term or provision of this Deed of Trust or of the Loan Agreement, the following notice is given and delivered pursuant to §307.052 of the Texas Finance Code:

NOTICE:

(A) TRUSTOR IS REQUIRED TO: (i) KEEP THE PROPERTY INSURED AGAINST DAMAGE IN THE AMOUNT SET FORTH IN THIS DEED OF TRUST OR ANY OTHER LOAN DOCUMENT; (ii) PURCHASE

THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (iii) NAME THE BENEFICIARY AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF LOSS;

(B) TRUSTOR MUST, IF REQUIRED BY BENEFICIARY, DELIVER TO BENEFICIARY A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF THE PREMIUMS; AND

(C) IF TRUSTOR FAILS TO MEET ANY REQUIREMENT LISTED IN CLAUSE (A) OR (B) ABOVE, BENEFICIARY MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF TRUSTOR AT TRUSTOR'S EXPENSE.

If there is any irreconcilable inconsistency between Section 5.5 or Article 6 of the Loan Agreement and Section 4.5 of this Deed of Trust, Section 5.5 or Article 6 of the Loan Agreement, as applicable, shall control.

4.6 Right of Inspection. Trustor shall permit Beneficiary or its agents or independent contractors (including, but not limited to, appraisers, environmental consultants and construction consultants), at all reasonable times and after reasonable notice, to enter upon and inspect the Property subject to and as provided for in the Loan Agreement (including without limitation, requirements to provide prior notice).

4.7 Preservation of Licenses, Etc. Trustor shall observe and comply with all requirements necessary to the continued existence and validity of all rights, licenses, permits, privileges, franchises and concessions relating to any existing or presently contemplated use of the Property, including but not limited to any zoning variances, special exceptions and nonconforming use permits.

4.8 Further Assurances. Trustor will, at its expense, from time to time execute and deliver any and all such instruments of further assurance and other instruments and do any and all such acts, or cause the same to be done, as Trustee or Beneficiary deems necessary or advisable to grant to Trustee the Property or to carry out more effectively the purposes of this Deed of Trust.

4.9 Legal Actions. Trustor will appear in and defend any action or proceeding before any court or administrative body purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee (or their assigns); and will pay all costs and expenses, including cost of evidence of title, title insurance premiums and any fees of attorneys, appraisers, environmental inspectors and others, incurred by Beneficiary or Trustee (or their assigns), in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee appear, and in any suit brought by Beneficiary or Trustee (or their assigns) to foreclose this Deed of Trust and in any trustee's sale under this Deed of Trust.

4.10 Taxes, Assessments and Other Liens. Except as expressly provided for herein or in the Loan Agreement, Trustor will pay prior to delinquency all taxes, assessments,

encumbrances, charges, and liens with interest, and all common charges, dues and assessments imposed, on the Property or any part thereof, which at any time appear to be or are alleged to be prior and superior hereto, including but not limited to any tax on or measured by rents of the Property, the Note, this Deed of Trust, or any obligation or part thereof secured hereby.

4.11 Expenses. Trustor will pay all costs, fees and expenses reasonably incurred by Beneficiary or Trustee (or their assigns) in connection with this Deed of Trust.

4.12 Repayment of Expenditures. Trustor will pay immediately and without demand all amounts secured by this Deed of Trust, other than principal of and interest on the Note, with interest from date of expenditure at the default rate of interest specified in the Note (the "Default Rate") and the repayment thereof shall be secured hereby.

4.13 Financial & Operating Information. Upon Beneficiary's request, Trustor will furnish (or cause to be furnished) to Beneficiary (and the Bondholder Representative, as applicable) all financial information as and when required by the Loan Agreement and Construction Disbursement Agreement.

4.14 (RESERVED).

4.15 Information for Participants. Trustor agrees to furnish such information and confirmation as may be required from time to time by Beneficiary on request of potential loan participants and agrees to make adjustments in this Deed of Trust, the Note, and the other Loan Documents to accommodate such participants' requirements, provided that such requirements do not vary the economic terms of the Loan.

4.16 Trustor Existence.

- (a) If Trustor is a corporation, Beneficiary is making the Loan in reliance on Trustor's continued existence, ownership and control in its present corporate form. Trustor will not alter such corporate structure, ownership or control without the prior written consent of Beneficiary, and will do all things necessary to preserve and maintain said corporate existence and to insure its continuous right to carry on its business, including but not limited to, filing within the prescribed time all corporate tax returns and reports, and paying when due all such taxes.
- (b) If Trustor is a partnership, Beneficiary is making the Loan in reliance on the continued existence of Trustor partnership and upon the business and financial reputation of Trustor partnership as a business entity and each of the general partners thereof. Therefore, the general partners of Trustor hereby agree that they will take no action to dissolve Trustor partnership and will do all things within their power to prevent the dissolution and winding up of Trustor partnership, notwithstanding the death, withdrawal or expulsion of any general partner. Notwithstanding, foregoing, any change in the structure of Trustor or the ownership of the Property to

which Beneficiary's consent has been given or is otherwise a permitted transfer shall not be in violation of this Section.

- (c) If Trustor is a limited liability company, Beneficiary is making the Loan in reliance on Trustor's continued existence, ownership and control in its present limited liability company form. Except for Permitted Transfers (as defined in the Construction Disbursement Agreement), Trustor will not alter such limited liability company structure, ownership or control without the prior written consent of Beneficiary and will do all things necessary to preserve and maintain said limited liability company existence and to insure its continuous right to carry on its business. The managing members of the Trustor agree that, without the prior written consent of Beneficiary, none of the managing members of Trustor will withdraw or be removed as a managing member of Trustor, except if substituted by an entity owned and controlled by an affiliate of investor member pursuant to the Operating Agreement of Trustor. The withdrawal or expulsion of any managing member from Trustor shall not in any way affect the liability of the withdrawing or expelled managing member hereunder or on the Note. Notwithstanding the foregoing, any change in the structure of Trustor or the ownership of the Property to which Beneficiary's consent has been given or is otherwise a Permitted Transfer shall not be a violation of this Section.

4.17 Tax and Insurance Reserves.

- (a) In addition to the payments required by the Note, Trustor agrees to pay Beneficiary (but prior to the Conversion Date as defined in the Construction Disbursement Agreement, only at Beneficiary's request and on and after the Conversion Date, without the necessity of any request) such sums as Beneficiary may from time to time estimate will be required to pay, at least thirty (30) days before delinquency, the next due taxes, assessments, insurance premiums, and similar charges affecting the Property, less all sums already paid therefor divided by the number of months to elapse before one (1) month prior to the date when such taxes, assessments and premiums will become delinquent, such sums to be held by Beneficiary without interest or other income to the Trustor to pay such taxes, assessments and premiums. Should this estimate as to taxes, assessments and premiums prove insufficient, the Trustor upon demand agrees to pay Beneficiary such additional sums as may be required to pay them before delinquent.
- (b) If the total of the above-described payments in any one year shall exceed the amounts actually paid by Beneficiary for taxes, assessments and premiums, such excess shall be credited by Beneficiary on subsequent payments under this Section. If there shall be an Event of Default hereunder for which Beneficiary elects to realize upon this Deed of Trust,

then at any time during the existence of the Event of Default and prior to the foreclosure sale, Beneficiary may apply any balance of funds it may hold pursuant to this Section to any amount secured by this Deed of Trust and in such order as Beneficiary may elect. If Beneficiary does not so apply such funds at or prior to the trustee's sale or sheriff's sale, the purchaser at such sale shall be entitled to all such funds. If Beneficiary acquires the Property in lieu of realizing on this Deed of Trust, the balance of funds it holds shall become the property of Beneficiary.

- (c) Any transfer in fee of all or a part of the Property shall automatically transfer to the grantee all or a proportionate part of Trustor's rights and interest in the fund accumulated hereunder.
- (d) Notwithstanding anything to the contrary set forth in this Deed of Trust and/or any of the other Loan Documents, Trustor may, in lieu of paying such taxes and assessments as they become due and payable, contest in good faith the validity thereof. Pending resolution of such contest, Trustor shall not be deemed in default hereunder or under any of the other Loan Documents because of such nonpayment if, prior to delinquency of the asserted tax or assessment, Trustor furnishes Beneficiary an indemnity bond secured by a deposit in cash or other security acceptable to Beneficiary, or with a surety acceptable to Beneficiary, in the amount of the tax or assessment being contested by Trustor plus a reasonable additional sum to pay all costs, interest and penalties that may be imposed or incurred in connection therewith, conditioned that such tax or assessment, with interest, cost and penalties, be paid as herein stipulated, and if Trustor promptly pays any amount adjudged by a court of competent jurisdiction to be due, with all costs, penalties and interest thereon, on or before the date such judgment becomes final; provided that in any event the tax, assessment, penalties, interest and costs shall be paid prior to the date on which any writ or order is issued under which the Property may be sold in satisfaction thereof..

4.18 Leases. Trustor covenants and agrees, at Trustor's sole cost and expense:

- (a) Trustor shall, in all respects, promptly and faithfully keep, perform and comply with all of the terms, provisions, covenants, conditions and agreements in each of the Leases pursuant to which any tenant of any part of the Property is occupying the Property to be kept, performed and complied with by the lessor therein, and will require, demand and strictly enforce, by all available means, the prompt and faithful performance of and compliance with all of the terms, provisions, covenants, conditions and agreements in the Leases to be performed and complied with by the lessees therein, and enforce, to the extent consistent with reasonable and prudent management of the Property, the available remedies for

nonperformance by the tenants of the obligations of the tenants contained in the Leases.

- (b) Trustor shall exercise Trustor's best efforts to keep all portions of the Property that are currently subject to Leases leased at all times at rentals as required to maintain all low income housing tax credits ("LIHTCs"), if any, for the Property.
- (c) Trustor shall deliver to Beneficiary a fully executed, counterpart original of each and every Lease if requested to do so.
- (d) Trustor shall execute and record such additional assignments of any Lease or specific subordinations of any Lease to the Deed of Trust, in form and substance acceptable to Beneficiary, as Beneficiary may reasonably request.
- (e) Trustor shall promptly deposit and maintain all security deposits or other deposits received by Trustor from tenants in a segregated trust account in a federally insured bank or savings and loan association, and shall notify and direct in writing each and every present or future tenant or occupant of the Property or any part thereof that any security deposit or other deposit heretofore delivered to Trustor has been retained by Trustor or assigned and delivered to Beneficiary as the case may be.
- (f) Trustor shall not receive or collect any rents from any present or future tenant of the Property or any part thereof in advance in excess of one (1) month's rent of such tenant or collect a security deposit in excess of two (2) months' rent.
- (g) Trustor shall not, except with the prior written consent of Beneficiary: (i) enter into any Lease of a residential unit in the Property after the date of this Deed of Trust except in the form of Lease approved in writing by Beneficiary and with tenants meeting the income requirements required to maintain all the LIHTCs; (ii) execute any other assignment relating to any of the Leases; (iii) discount any rent or other sums due under the Leases or collect the same in advance except as set forth above; (iv) terminate, modify or amend any of the terms of the Leases or in any manner release or discharge any tenant from any obligations thereunder except as reasonably required for prudent management of the Property or as may be necessary to maintain all the LIHTCs; (v) consent to any assignment or subletting by any tenant except to the extent consistent with reasonable and prudent management of the Property; or (vi) subordinate or agree to subordinate any of the Leases to any other deed of trust or encumbrance.

4.19 Affordable Housing Restrictions. Trustor shall perform and satisfy, after applicable notice and cure rights, each and every covenant, agreement, term and

condition of any use restriction, regulatory agreement, grant, subsidy, application, reservation, allocation or other restriction relating to the Property or affecting the use or occupancy of the Property, including without limitation, the terms and conditions of any allocation or reservation of LIHTCs by the Texas Department of Housing and Community Affairs ("TDHCA") to Trustor or the Property.

4.20 Credit Enhancement. Trustor acknowledges that Beneficiary may have considered other collateral or assets of Trustor or its constituents in determining the creditworthiness of Trustor or its constituents, or the viability of the Property as an affordable housing project. Those other collateral or assets may include, without limitation, letters of credit issued by a financial institution reasonably acceptable to Beneficiary, rental guaranties or payment contracts issued by the federal Department of Housing and Urban Development, or a local municipality or governmental entity, or LIHTCs reserved or allocated by TDHCA for the benefit of the Property. Upon Beneficiary's request, Trustor shall promptly furnish to Beneficiary, in such form as it may request, financial or other information, including reporting documents or monitoring reports, that Trustor may have or that Trustor may be able to obtain in connection with these other collateral or assets.

ARTICLE 5

DEFAULT

5. DEFAULT.

5.1 Definition. Any Event of Default under and as defined in the Loan Agreement shall constitute an "Event of Default" as that term is used herein. Without limiting the foregoing, an Event of Default shall have occurred if title to all or any material part of the Property (other than obsolete or worn personal property or other items of personal property replaced by adequate substitutes of equal or greater value than the replaced items) shall become vested in any party other than Trustor, whether by operation of law or otherwise, except as otherwise expressly permitted under the terms of the Loan Documents.

5.2 Beneficiary's and Trustee's Right to Perform.

- (a) When an Event of Default exists, Beneficiary or Trustee, but without the obligation so to do and without releasing Trustor from any obligations hereunder, may: make any payments or do any acts required of Trustor hereunder in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien in accordance with the

following paragraph; and in exercising any such powers, pay necessary expenses (to include costs of documentary evidence, abstracts and title reports), employ counsel and pay a reasonable fee therefor. All sums so expended shall be payable on demand by Trustor, be secured hereby (except as otherwise provided in this Deed of Trust) and bear interest at the Default Rate of interest specified in the Note from the date advanced or expended until repaid.

- (b) Beneficiary or Trustee in making any payment herein and hereby authorized, in the place and stead of the Trustor, in the case of a payment of taxes, assessments, water rates, sewer rentals and other governmental or municipal charges, fines, impositions or liens asserted against the Property, may make such payment in reliance on any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of the bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; in the case of any apparent or threatened adverse claim of title, lien, statement of lien, encumbrance, deed of trust, claim or charge Beneficiary or Trustee, as the case may be, shall be the sole judge of the legality or validity of same; and in the case of a payment for any other purpose herein and hereby authorized, but not enumerated in this paragraph, such payment may be made whenever, in the sole judgment and discretion of Trustee or Beneficiary, as the case may be, such advance or advances shall seem necessary or desirable to protect the full security intended to be created by this Deed of Trust, provided further, that in connection with any such advance, Beneficiary at its option may and is hereby authorized to obtain a continuation report of title prepared by a title insurance company, the cost and expenses of which shall be repayable by the Trustor without demand and shall be secured hereby.
- (c) Notwithstanding anything to the contrary contained herein, the Beneficiary agrees to accept performance on the part of Hunt Capital Partners Tax Credit Fund 27, LP (or its successors and assigns as the investor limited partner of Trustor) (collectively referred to herein as the "Investor Limited Partner"), or any of its affiliates as though the same had been performed by the Borrower under any of the Loan Documents. The Beneficiary will allow the Investor Limited Partner and its affiliates ten (10) days after giving the Investor Limited Partner notice to cure a monetary default under the Loan Documents (other than the payment due at maturity) and except as to the Borrower's filing of a voluntary bankruptcy petition, up to thirty (30) days after giving the Investor Limited Partner notice to cure of any non-monetary default under the Loan Documents, provided, however, that in the event of a non-monetary default that is not susceptible to being cured within such thirty (30) day period, the Beneficiary will allow the party offering cure an additional period of up to sixty (60) days to cure such default, provided that the cure

of such default has commenced and the person offering the cure is continuously proceeding to cure such default through the end of the sixty (60) day period. If the Investor Limited Partner, or any of its affiliates, makes any such payment or otherwise offers cure of a default, the Beneficiary will accept or reject such action as curing such default on the same basis as if payment or cure were made directly by the Trustor.

5.3 Exercise of Specific Remedies. If an Event of Default shall occur and is continuing, Beneficiary (or the Bond Trustee or Bondholder Representative, as the case may be) may exercise any one or more of the following remedies, without notice:

- (a) Acceleration. Beneficiary may declare the indebtedness secured hereby immediately due and payable, without notice, whereupon the same shall become immediately due and payable. Trustor hereby waives notice of intent to accelerate and notice of acceleration.
- (b) Enforcement of Assignment of Rents and Leases. Prior or subsequent to taking possession of any portion of the Property or taking any action with respect to such possession, Beneficiary may:
 - (i) collect and/or sue for the Rents in Beneficiary's own name, give receipts and releases therefor, and after deducting all expenses of collection, including attorneys' fees and expenses, apply the net proceeds thereof to any indebtedness secured hereby as Beneficiary may elect;
 - (ii) make, modify, enforce, cancel, terminate or accept surrender of any Leases, evict tenants, adjust the Rents, maintain, decorate, refurbish, repair, clean, and make space ready for renting, and otherwise do anything Beneficiary reasonably deems advisable in connection with the Property;
 - (iii) apply the Rents so collected to the operation and management of the Property, including the payment of management, brokerage and attorneys' fees and expenses, and/or to any indebtedness secured hereby; and
 - (iv) require Trustor to transfer all security deposits and records thereof to Beneficiary together with all original counterparts of the Leases.
- (c) Foreclosure. Beneficiary, with or without having first taken possession of the Property, may require the Trustee to sell all or part of the Property, at public auction, to the highest bidder, for cash, at the door of the county courthouse of the county in Texas in which such Property or any part thereof is situated or at the area of the county courthouse designated by the Commissioners Court of said county, or if the Property is located in more than one county such sale may be made at the courthouse in any county in

which the Property is situated. The sale shall take place at such area of the courthouse as shall be properly designated from time to time by the Commissioners Court (or, if not so designated by the Commissioners Court, at such other area in the courthouse as may be provided in the notice of sale hereinafter described) of the specified county, between the hours of 10:00 o'clock a.m. and 4:00 o'clock p.m. (the commencement of such sale to occur within three hours following the time designated in the hereinafter described notice of sale as the earliest time at which such sale shall occur, if required by applicable law) on the first Tuesday of any month, after giving notice of the time, place and terms of said sale (including the earliest time at which such sale shall occur) and of the property to be sold, in the manner hereinafter described. Notice of a sale of all or part of the Property by the Trustee shall be given by posting written notice thereof at the courthouse door (or other area in the courthouse as may be designated for such public notices) of the county in which the sale is to be made, and by filing a copy of the notice in the office of the County Clerk of the county in which the sale is to be made at least twenty-one (21) days preceding the date of the sale, and if the property to be sold is in more than one county, a notice shall be posted at the courthouse door (or other area in the courthouse as may be designated for such public notices) and filed with the County Clerk of each county in which the property to be sold is situated. In addition, Beneficiary shall, at least twenty-one (21) days preceding the date of sale, serve written notice of the proposed sale by certified mail on Trustor and each debtor obligated to pay the debt secured hereby according to the records of Beneficiary. Service of such notice shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to such debtor at the most recent address as shown by the records of Beneficiary, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service. Any notice that is required or permitted to be given to Trustor may be addressed to Trustor at Trustor's address as stated above. Any notice that is to be given by certified mail to any other debtor may, if no address for such other debtor is shown by the records of Beneficiary, be addressed to such other debtor at the address of Trustor, as is shown by the records of Beneficiary. Notwithstanding the foregoing provisions of this paragraph, notice of such sale given in accordance with the requirements of the applicable laws of the State of Texas in effect at the time of such sale shall constitute sufficient notice of such sale. Trustee may sell all or any portion of the Property, together or in lots or parcels, and may execute and deliver to the purchaser or purchasers of such property good and sufficient deeds of conveyance of fee simple title with covenants of general warranty made on behalf of Trustor. In no event shall Trustee be required to exhibit, present or display at any such sale any of the personalty described herein to be sold at such sale. On the direction

of the Beneficiary, Trustee, or his successor or substitute, is hereby authorized and empowered to appoint any one or more persons as his attorney(s)-in-fact to act as Trustee under him and in his name, place and stead, such appointment to be evidenced by a written instrument executed by Trustee, or his successor or substitute, to perform any one or more act or acts necessary or incidental to any sale under the power of sale hereunder, including, without limitation, the posting and filing of any notices, the conduct of the sale and the execution and delivery of any instruments conveying the Property as a result of the sale, but in the name and on behalf of Trustee, or his successor or substitute; and all acts done or performed by said attorney(s)-in-fact shall be valid, lawful and binding as if done or performed by Trustee, or his successor or substitute. Trustee making such sale shall receive the proceeds thereof and shall apply the same as follows: (i) first, he shall pay the reasonable expenses of Trustee and a reasonable Trustee's fee or commission; (ii) second, he shall pay, so far as may be possible, the indebtedness secured hereby, discharging first that portion of the indebtedness secured hereby arising under the covenants or agreements herein contained and not evidenced by the Note; (iii) third, he shall pay the residue, if any, to the persons legally entitled thereto. Payment of the purchase price to Trustee shall satisfy the obligation of the purchaser at such sale therefor, and such purchaser shall not be responsible for the application thereof. The sale or sales by Trustee of less than the whole of the Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale or sales under such power until the whole of the Property shall be sold; and if the proceeds of such sale or sales of less than the whole of the Property shall be less than the aggregate of the indebtedness secured hereby and the expenses thereof, this Deed of Trust and the lien, security interest and assignment hereof shall remain in full force and effect as to the unsold portion of the Property just as though no sale or sales had been made; provided, however, that Trustor shall never have any right to require the sale or sales of less than the whole of the Property, but Beneficiary shall have the right, at its sole election, to request Trustee to sell less than the whole of the Property. If default is made hereunder, the holder of the sum of the indebtedness secured hereby, or any part thereof on which the payment is delinquent shall have the option to proceed with foreclosure in satisfaction of such item either through judicial proceedings or by directing Trustee to proceed as if under a full foreclosure, conducting the sale as herein provided without declaring the entire indebtedness secured hereby due, and if sale is made because of default of an installment, or a part of an installment, such sale may be made subject to the unmaturing part of the indebtedness secured hereby; and it is agreed that such sale, if so made, shall not in any manner affect the unmaturing part of the indebtedness secured hereby, but as to such unmaturing part of the indebtedness secured hereby, this Deed of Trust shall remain in full force and effect as though no sale had been made under the provisions of

this paragraph. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Indebtedness. At any such sale (1) Trustor hereby agrees, in their own behalf and in behalf of their heirs, executors, administrators, successors, personal representatives and assigns, that any and all recitals made in any deed of conveyance given by Trustee with respect to the identity of Beneficiary, the occurrence or existence of any default, the acceleration of the maturity of any of the indebtedness secured hereby, the request to sell, the notice of sale, the giving of notice to all debtors legally entitled thereto, the time, place, terms, and manner of sale, and receipt, distribution and application of the money realized therefrom, or the due and proper appointment of a substitute Trustee, and, without being limited by the foregoing, with respect to any other act or thing having been duly done by Beneficiary or by Trustee hereunder, shall be taken by all courts of law and equity as prima facie evidence that the statements or recitals state facts and are without further question to be so accepted, and Trustor hereby ratifies and confirms every act that Trustee or any substitute Trustee hereunder may lawfully do in the premises by virtue hereof, and (2) the purchaser may disaffirm any easement granted, or rental, lease or other contract made, in violation of any provision of this Deed of Trust, and may take immediate possession of the Property free from, and despite the terms of, such grant of easement and rental or lease contract. Beneficiary may bid and become the purchaser of all or any part of the Property at any trustee's or foreclosure sale hereunder, and the amount of Beneficiary's successful bid may be credited on the indebtedness secured hereby. Notwithstanding the foregoing or anything else herein to the contrary, a purchaser at foreclosure (or an assignee of Beneficiary of this Deed of Trust) must not be a party which (i) has been convicted of a felony involving moral turpitude, fraud, or wrongdoing in connection with any business activities, (ii) has been restricted, disqualified, debarred, or banned, directly or indirectly, from doing business with HUD or any other state or federal agency, or prevented from owning, operating, managing, or otherwise participating in any state or federal program, (iii) has been debarred by any agency of the U.S. government or by any state agency or (iv) is under investigation by any branch or entity of federal or state government or is prohibited from doing business with for any reason or is not approved by the City of Austin (any sale in violation of the foregoing shall be void to the extent permitted under applicable law) .

- (d) Lawsuits. Beneficiary may proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Property under the judgment or decree of any court or courts of competent jurisdiction.

- (e) Entry on Property. If an Event of Default exists hereunder, Beneficiary may enter into and upon and take possession of all or any part of the Property, and may exclude Trustor, and all persons claiming under Trustor, and their agents or servants, wholly or partly therefrom; and, holding the same, Beneficiary may use, administer, manage, operate, and control the Property and may exercise all rights and powers of Trustor in the name, place and stead of Trustor, or otherwise, as the Beneficiary shall deem best; and in the exercise of any of the foregoing rights and powers Beneficiary shall not be liable to Trustor for any loss or damage thereby sustained unless due solely to the willful misconduct or gross negligence of Beneficiary or its representatives.
- (f) Trustee or Receiver. Beneficiary may make application to a court of competent jurisdiction, as a matter of strict right and without notice to Trustor or regard to the adequacy of the Property for the repayment of the indebtedness secured hereby, for appointment of a receiver of the Property, and Trustor does hereby irrevocably consent to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Property upon such terms as may be approved by the court, and shall apply the Rents in payment of the indebtedness secured hereby.
- (g) Additional Remedies.
 - (i) Have a receiver appointed as a matter of right on an ex parte basis without notice to Trustor and without regard to the sufficiency of the Property or any other security for the indebtedness secured hereby and, without the necessity of posting any bond or other security, such receiver shall take possession and control of the Property and shall collect and receive all of the rents, issues and profits thereof.
 - (ii) Foreclose this Deed of Trust pursuant to a judicial foreclosure proceeding or otherwise realize upon the Property.
 - (iii) Cause Trustee to exercise its power of sale.
 - (iv) Sue on the Note as permitted under applicable law.

provided, however, that in no event will any action be taken by or on behalf of Beneficiary which violates Section 42 (h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure, if applicable.

5.4 Tenancy at Will. In the event of a trustee's sale hereunder and if at the time of such sale Trustor or any other party occupies the portion of the Property so sold or any part thereof, such occupant shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the portion of the Property so occupied, such rental to be due and payable daily to the purchaser. An action of forcible detainer shall lie if the tenant holds over after a demand in writing for possession of such Property.

5.5 Beneficiary's Right to Perform. Upon Trustor's failure to make a payment or perform an act required by the Loan Documents and all applicable notice and cure periods have expired, then at any time such failure continues, and without notice to or demand upon Trustor and without waiving or releasing any other right, remedy or recourse, Beneficiary may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of Trustor, and shall have the right to enter upon the Property for such purpose and to take all such action as it may deem necessary or appropriate.

5.6 Reimbursement of Expenditure. If Beneficiary shall expend any money chargeable to Trustor or subject to reimbursement by Trustor under the terms of the Loan Documents, Trustor shall repay the same to Beneficiary immediately at the place where the Note is payable, together with interest thereon at the Default Rate provided for in the Note.

5.7 Other Rights. Beneficiary may exercise any and all other rights, remedies and recourses granted under the Loan Documents now or hereafter existing in equity or at law for the protection and preservation of the Property.

5.8 Rights and Remedies of Sureties. Trustor waives any right or remedy which Trustor may have or be able to assert pursuant to Chapter 43 of the Texas Civil Practice and Remedies Code and Section 3.605 of the UCC pertaining to the rights and remedies of sureties.

5.9 No Waiver. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare an Event of Default for failure to do so.

5.10 Remedies Cumulative. The rights and remedies accorded by this Deed of Trust shall be in addition to, and not in substitution of, any rights or remedies available under now existing or hereafter arising applicable law. All rights and remedies provided for in this Deed of Trust or afforded by law or equity are distinct and cumulative and may be exercised concurrently, independently or successively. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver of any default shall not constitute a waiver of any subsequent or other default. Beneficiary shall be subrogated to the claims and liens of those whose claims or liens are discharged or paid with the Loan proceeds.

ARTICLE 6

CONDEMNATION

6. CONDEMNATION. Any award of damages, whether paid as a result of judgment or prior settlement, in connection with any condemnation or other taking of any portion of the Property, for public or private use, or for injury to any portion of the Property (a "Condemnation") is hereby assigned and shall be paid to Beneficiary which may apply such moneys received by it in the same manner and with the same effect as provided above for disposition of proceeds of hazard insurance, provided that if the taking results in a loss of the Property to an extent which, in the reasonable opinion of Beneficiary, renders or will render the Property not economically viable or which substantially impairs Beneficiary's security or lessens to any material extent the value, marketability or intended use of the Property, Beneficiary may apply the Condemnation proceeds to reduce the unpaid indebtedness secured hereby in such order as Beneficiary may determine, and without any adjustment in the amount of installments due under the Note. If so applied, any proceeds in excess of the unpaid balance of the Note and other sums due to Beneficiary shall be paid to Trustor or Trustor's assignee. Beneficiary shall in no case be obligated to see to the proper application of any amount paid over to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If the Property or any part or appurtenance thereof or right or interest therein is taken or threatened to be taken by reason of any public or private improvement, Condemnation proceeding (including change of grade), or in any other manner, Beneficiary may, at its option, commence, appear in and prosecute, in its own name, any action or proceeding, or make any reasonable compromise or settlement in connection with such taking or damage, and obtain all compensation, awards or other relief therefor, and Trustor agrees to pay Beneficiary's costs and reasonable attorneys' fees incurred in connection therewith. No Condemnation award at any time assigned to or held by Beneficiary shall be deemed to be held in trust, and Beneficiary may commingle such award with its general assets and shall not be liable for the payment of any interest thereon.

ARTICLE 7

TRUSTEE

7. TRUSTEE.

7.1 General Powers and Duties of Trustee. At any time or from time to time, without liability therefor and without notice and without affecting the liability of any person for the payment of the indebtedness secured hereby, upon written request of Beneficiary (which shall only be provided when directed to by the then holder of the Bonds), payment of its own fees and presentation of this Deed of Trust and the Note for endorsement (in case of full reconveyance or release, for cancellation or retention), Trustee may (i) consent to the making of any map or plat of the Property; (ii) join in granting any easement or creating any restriction thereon; (iii) join in any subordination or other

agreement affecting this Deed of Trust or the lien or charge thereof; or (iv) reconvey, without warranty, all or any part of the Property.

7.2 Reconveyance or Release. Upon written request of Beneficiary (which shall only be provided when directed to by the then holder of the Bonds) stating that all sums secured hereby have been paid, and upon payment of its fees, Trustee shall reconvey or release, without warranty, the Property then held hereunder. The recitals in any reconveyance or release executed under this Deed of Trust of any matters of fact shall be conclusive proof of the truthfulness thereof.

7.3 Reassignment of Security Interest. At the request of Beneficiary (which shall only be provided when directed to by the then holder of the Bonds), Trustee shall reassign, terminate or release to Beneficiary the security interest created hereby and after such reassignment, termination or release, Beneficiary shall have the right, upon the occurrence or continuance of any Event of Default, to realize upon the personal property subject to this Deed of Trust, independent of any action of Trustee, pursuant to the UCC.

7.4 Acceptance of Trust. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto except Beneficiary of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

7.5 Reliance. Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing a default by Trustor under this Deed of Trust, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder, provided however, Beneficiary shall not be required to present any such affidavit to Trustee.

7.6 Replacement of Trustee.

- (a) At the express direction of the then holder of the Bonds (and at no other time), Beneficiary may, from time to time, with or without cause, appoint another trustee in place and stead of Trustee herein named, and thereupon Trustee herein named shall be discharged and the trustee so appointed shall be substituted as Trustee hereunder, with the same effect as if originally named Trustee herein.
- (b) Trustee may resign by giving of notice of such resignation in writing to Beneficiary, Bond Trustee, or the then holder of the Bonds. If Trustee will die, resign or become disqualified from acting under this Deed of Trust or will fail or refuse to act in accordance with this Deed of Trust when requested by Beneficiary, Bond Trustee, or the then holder of the Bonds, or if for any reason and without cause Beneficiary, Bond Trustee, or the then holder of the Bonds will prefer to appoint a substitute trustee to act instead of the original Trustee named in this Deed of Trust or any prior

successor or substitute trustee, Beneficiary, Bond Trustee, or the then holder of the Bonds will have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who will succeed to all the estate, rights, powers and duties of the original Trustee named in this Deed of Trust. Such appointment may be executed by an authorized officer, agent or attorney-in-fact of Beneficiary, Bond Trustee, or the then holder of the Bonds (whether acting pursuant to a power of attorney or otherwise), and such appointment will be conclusively presumed to be executed with authority and will be valid and sufficient without proof of any action by Beneficiary, Bond Trustee, or the then holder of the Bonds.

- (c) Any successor Trustee appointed pursuant to this Section will, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of the predecessor Trustee with like effect as if originally named as Trustee in this Deed of Trust; but, nevertheless, upon the written request of Beneficiary, Bond Trustee, or the then holder of the Bonds or such successor Trustee, the Trustee ceasing to act will execute and deliver an Deed of Trust transferring to such successor Trustee, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and will duly assign, transfer and deliver any of the property and monies held by the Trustee ceasing to act to the successor Trustee.

7.7 INDEMNIFICATION OF TRUSTEE. EXCEPT FOR NEGLIGENCE OR WILLFUL MISCONDUCT, TRUSTEE SHALL NOT BE LIABLE FOR ANY ACT OR OMISSION OR ERROR OF JUDGMENT. TRUSTEE MAY RELY ON ANY DOCUMENT BELIEVED BY HIM IN GOOD FAITH TO BE GENUINE. ALL MONEY RECEIVED BY TRUSTEE SHALL, UNTIL USED OR APPLIED AS HEREIN PROVIDED, BE HELD IN TRUST, BUT NEED NOT BE SEGREGATED (EXCEPT TO THE EXTENT REQUIRED BY LAW), AND TRUSTEE SHALL NOT BE LIABLE FOR INTEREST THEREON. TRUSTOR HEREBY INDEMNIFIES TRUSTEE AGAINST ALL LIABILITY AND EXPENSES THAT HE MAY INCUR IN THE PERFORMANCE OF HIS DUTIES HEREUNDER.

ARTICLE 8

NOTICES

8. NOTICES.

8.1 Trustee. Any notice or demand upon Trustee may be given or made at its address set forth above.

8.2 Trustor and Beneficiary. Any notice to or demand upon Trustor (including any notice of default or notice of sale) or notice to or demand upon Beneficiary shall be deemed to have been sufficiently made for all purposes when sent, addressed to the recipient at its address set forth above or to such other address as the recipient may have directed by notice in accordance herewith, via (i) three (3) business days after sent United States first class certified mail, return receipt requested, (ii) upon delivery or refusal or delivery if sent via personal messenger, (iii) one (1) business day after sent via nationally recognized overnight delivery service, or (iv) upon the sender's receipt of evidence of delivery if sent via facsimile, with a hard copy to follow by United States first class mail:

To the Beneficiary:

Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711
Attention: Manager of Multifamily Bonds

With a copy to:

Bracewell, LLP
111 Congress Avenue, Suite 2300
Austin, Texas 78701
Attention: Elizabeth Bowes, Esq.

To the Trustor:

TCD MCM, LP
c/o Triton Community Development LLC
14131 Yorba Street, Suite 104
Tustin, California 92780
Attention: William E. Rice, Managing Member

With copies to:

Hobson Bernardino & Davis LLP
Citigroup Center
444 South Flower Street, Suite 3100
Los Angeles, California 90071
Attention: Jason Hobson, Esq.

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

Hunt Capital Partners Tax Credit Fund 27, LP
c/o Hunt Capital Partners, LLC
15190 Ventura Boulevard, Suite 100
Encino, California 91436
Attention: Jeffrey N. Weiss

Pillsbury Winthrop Shaw Pittman LLP
1200 South Street, NW
Washington, DC 20036
Attention: Craig A. de Ridder

To the Bond Trustee:

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 550
Dallas, Texas 75248
Attention: Dayna Smith

To Bondholder Representative:

JPMorgan Chase Bank, N.A.
Community Development Banking
300 South Grand Avenue, 4th Floor
Los Angeles, California 90071-3109
Attention: Raymond Junior, Executive Director

With a copy to:

JPMorgan Chase Bank, N.A.
Legal Department
237 Park Avenue, 12th Floor
Mail Code NY1-R065
New York, New York 10017
Attention: Michael R. Zients, Executive Director and
Assistant General Counsel

To Permanent Lender:

Cedar Rapids Bank and Trust Company
501 First Avenue, NE, Suite 100
Cedar Rapids, Iowa 52401
Attention: Tim White

With a copy to:

Winthrop & Winestein, P.A.
Capella Tower, Suite 3500
225 South Sixth Street
Minneapolis, Minnesota 55402-4629
Attention: Holly A. Stocker, Esq.

8.3 Waiver of Notice. The giving of notice may be waived in writing by the person or persons entitled to receive such notice, either before or after the time established for the giving of such notice.

8.4 Assignment of Beneficiary's Rights. Under the terms of the Indenture, the rights entered under the terms, provisions, and remedies of Beneficiary under the Deed of Trust have been assigned to the Bond Trustee (and the Bond Trustee in connection therewith, shall only act at the direction of the Bondholder Representative, as provided in the Indenture.

ARTICLE 9

MISCELLANEOUS

9. MISCELLANEOUS

9.1 Modifications. Upon written request of any party then liable for any sum secured hereby, Beneficiary reserves the right to extend the term, or otherwise modify the terms, hereof or of the Note as Beneficiary and such person may from time to time deem appropriate and any such change shall not operate to release, in any manner, the liability of the original Trustor or Trustor's successors in interest.

9.2 Successors and Assigns. All provisions herein contained shall be binding upon and inure to the benefit of the respective successors and assigns of the parties.

9.3 Governing Law; Severability. This Deed of Trust shall be governed by the law of the State of Texas (exclusive of its choice and conflict of law principles). In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, the conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision and to this end the provisions of this Deed of Trust and the Note are declared to be severable.

9.4 Trustor's Right To Possession. Trustor may be and remain in possession of the Property for so long as it is not in default hereunder or under the terms of the Note and Trustor may, while it is entitled to possession of the Property, use the same.

9.5 Maximum Interest. Trustor and Beneficiary intend to conform strictly to applicable usury laws. Therefore, the total amount of interest (as defined under applicable law) contracted for, charged or collected under the Note or this Deed of Trust will never exceed the highest amount permitted by applicable law. If Beneficiary contracts for, charges or receives any excess interest, it will be deemed a mistake. Any unlawful contract or charge will be automatically reformed to conform to applicable law, and if Beneficiary has received excess interest, Beneficiary will either refund the excess to Trustor or credit the excess on the unpaid amounts owing under the Note or this Deed of Trust. All amounts constituting interest will be spread throughout the full term of the Debt in determining whether interest exceeds lawful amounts.

9.6 Attorneys' Fees and Other Expenses. In the event of any default under this Deed of Trust, or in the event that any dispute arises relating to the interpretation, enforcement or performance of any obligation secured by this Deed of Trust, Beneficiary shall be entitled to collect from Trustor on demand all fees and expenses incurred in connection therewith, including but not limited to fees of attorneys, accountants, appraisers, environmental inspectors, consultants, expert witnesses, arbitrators, mediators and court reporters. Without limiting the generality of the foregoing, Trustor shall pay all such costs and expenses incurred in connection with: (a) arbitration or other alternative dispute resolution proceedings, trial court actions and appeals; (b) bankruptcy or other insolvency proceedings of Trustor, any guarantor or other party liable for any of the obligations secured by this Deed of Trust or any party having any interest in any security for any of those obligations; (c) judicial or nonjudicial foreclosure on, or appointment of a receiver for, any of the Property; (d) post-judgment collection proceedings; (e) all claims, counterclaims, cross-claims and defenses asserted in any of the foregoing whether or not they arise out of or are related to this Deed of Trust; (f) all preparation for any of the foregoing; and (g) all settlement negotiations with respect to any of the foregoing.

9.7 Time Of Essence. Time is of the essence under this Deed of Trust and in the performance of every term, covenant and obligation contained herein.

9.8 Fixture Filing. This Deed of Trust constitutes a financing statement, filed as a fixture filing under the Uniform Commercial Code of Texas in the real estate records of the county of the state in which the real property described in Exhibit A is located, with respect to any and all fixtures included within the list of improvements and fixtures described in Section 1.2 of this Deed of Trust and to any goods or other personal property that are now or hereafter will become a part of the Property as fixtures.

9.9 Waivers. Trustor waives all suretyship defenses that may lawfully be waived, including but not limited to notice of acceptance of this Deed of Trust, notice of the incurrence, acquisition or subordination of any amounts secured hereby, credit extended, collateral received or delivered or other action taken in reliance on this Deed of Trust, notices and all other demands and notices of any description. With respect to both any amounts secured hereby and the Property, Trustor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect Beneficiary's security interest or lien in any of

the Property, to the addition or release of any person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as Beneficiary may deem advisable. To the extent not prohibited by applicable law, Trustor further waives (i) diligence and promptness in preserving liability of any person on any amounts secured hereby, and in collecting or bringing suit to collect the amounts secured hereby; (ii) all rights, if any, of Trustor under Rule 31, Texas Rules of Civil Procedure, or Chapter 43 of the Texas Civil Practice and Remedies Code, or Section 17.001 of the Texas Civil Practice and Remedies Code; (iii) to the extent Trustor is subject to the Texas Revised Partnership Act ("TRPA"), compliance by Beneficiary with Section 3.05(d) of TRPA; (iv) notice of extensions, renewals, modifications, rearrangements and substitutions of the amounts secured hereby; (v) failure to pay any amount secured hereby as it matures, any other default, adverse change in any obligor's or any Trustor's financial condition, release or substitution of collateral, subordination of Beneficiary's rights in any collateral, and every other notice of every kind; (vi) any now existing or hereafter arising right of redemption; and (vii) any right or remedy which Trustor may have or be able to assert pursuant to Section 3.605 of the UCC. Nothing in this Deed of Trust is intended to waive or vary the duties of Beneficiary or the rights of Trustor or any obligor in violation of Section 9.602 of the UCC.

9.10 Fair Market Value Determination. In the event an interest in any of the Property is foreclosed upon pursuant to a judicial or nonjudicial foreclosure sale, Trustor agrees as follows: notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), and to the extent permitted by law, Trustor agrees that Beneficiary, Bond Trustee, or the then holder of the Bonds will be entitled to seek a deficiency judgment from Trustor and any other party obligated on the Note equal to the difference between the amount owing on the Note and the amount for which the Property was sold pursuant to judicial or nonjudicial foreclosure sale. Trustor expressly recognizes that this Section constitutes a waiver of the above-cited provisions of the Texas Property Code which would otherwise permit Trustor and other persons against whom a recovery of deficiencies is sought or Guarantor independently (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Property as of the date of the foreclosure sale and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than such fair market value. Trustor further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Property for purposes of calculating deficiencies owed by Trustor, Guarantor, and others against whom recovery of a deficiency is sought. Alternatively, in the event the waiver provided for in this Section is determined by a court of competent jurisdiction to be unenforceable, in any action for a deficiency after a foreclosure under this Deed of Trust, if any person against whom recovery is sought requests the court in which the action is pending to determine the fair market value of the Property, as of the date of the foreclosure sale, the following will be the basis of the court's determination of fair market value:

- (a) The Property will be valued "as is" and in its condition as of the date of foreclosure, and no assumption of increased value because of post-foreclosure repairs, refurbishment, restorations or improvements will be made.
- (b) Any adverse effect on the marketability of title because of the foreclosure or because of any other title condition not existing as of the date of this Deed of Trust will be considered.
- (c) The valuation of the Property will be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Property for cash within a 6 month-period after foreclosure.
- (d) Although the Property may be disposed of more quickly by the foreclosure purchaser, the gross valuation of the Property as of the date of foreclosure will be discounted for a hypothetical reasonable holding period (not to exceed 6 months) at a monthly rate equal to the average monthly interest rate on the Note for the 12 months before the date of foreclosure.
- (e) The gross valuation of the Property as of the date of foreclosure will be further discounted and reduced by reasonable estimated costs of disposition, including brokerage commissions, title policy premiums, environmental assessment and clean-up costs, tax and assessment, prorations, costs to comply with legal requirements and Attorneys' Fees and Costs.
- (f) Expert opinion testimony will be considered only from a licensed appraiser certified by the State of Texas and, to the extent permitted under Texas law, a member of the Appraisal Institute, having at least 5 years' experience in appraising property similar to the Property in the county where the Property is located, and who has conducted and prepared a complete written appraisal of the Property taking into considerations the factors set forth in this Deed of Trust; no expert opinion testimony will be considered without such written appraisal.
- (g) Evidence of comparable sales will be considered only if also included in the expert opinion testimony and written appraisal referred to in subsection (vi), above.
- (h) An affidavit executed by Beneficiary, Bond Trustee, or the then holder of the Bonds to the effect that the foreclosure bid accepted by Trustee was equal to or greater than the value of the Property determined by Beneficiary, Bond Trustee, or the then holder of the Bonds based upon the factors and methods set forth in subsections (i) through (vii) above before the foreclosure will constitute *prima facie* evidence that the foreclosure

bid was equal to or greater than the fair market value of the Property on the foreclosure date.

9.11 NO ORAL AGREEMENTS. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

9.12 Miscellaneous. Whenever the context so requires the singular number includes the plural herein, and the impersonal includes the personal. The headings to the various sections have been inserted for convenient reference only and shall not modify, define, limit or expand the express provisions of this Deed of Trust. This Deed of Trust, the Note and the other Loan Documents constitute the final expression of the entire agreement of the parties with respect to the transactions set forth therein. No party is relying upon any oral agreement or other understanding not expressly set forth in the Loan Documents. The Loan Documents may not be amended or modified except by means of a written document executed by the party sought to be charged with such amendment or modification.

9.13 Extended Low-Income Housing Commitment. The Beneficiary agrees that the lien of this Deed of Trust shall be subordinate to any extended low-income housing commitment (as such term is defined in Section 42 (h)(6)(B) of the Internal Revenue Code) (the "Extended Use Agreement") recorded against the Property; provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Deed of Trust or upon a transfer of the Property by instrument in lieu of foreclosure or comparable conversion of the Loan, in accordance with Section 42 (h)(6)(E) of the Internal Revenue Code. The Trustor acknowledges and agrees that any default, Event of Default, or breach (however such terms may be defined) under the Extended Use Agreement that would have a material adverse effect on the LIHTCs, the Trustor, or the Beneficiary shall be an Event of Default under this Deed of Trust and that any reasonable costs, damages or other amounts, including reasonable attorneys' fees incurred by the Beneficiary as a result of an Event of Default by the Trustor and any amounts paid to cure any default under the Extended Use Agreement, shall be an obligation of the Trustor and become a part of the indebtedness secured by this Deed of Trust.

9.14 VENUE AND JURISDICTION. THE EXCLUSIVE VENUE FOR THIS DEED OF TRUST SHALL BE IN TRAVIS COUNTY, TEXAS. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS DEED OF TRUST, THE UNDERSIGNED AND ANY PARTY ACCEPTING THIS DEED OF TRUST HEREBY AGREE THAT THE STATE AND FEDERAL COURTS LOCATED IN TEXAS SHALL HAVE EXCLUSIVE JURISDICTION AND VENUE WITH RESPECT TO ALL ACTIONS BROUGHT BY OR AGAINST ANY PARTY UNDER OR PURSUANT TO THIS DEED OF TRUST, AND THE UNDERSIGNED AND ANY

PARTY ACCEPTING THIS DEED OF TRUST HEREBY CONSENT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS.

9.15 **WAIVER OF TRIAL BY JURY.**

- (a) **TRUSTOR AND BENEFICIARY EACH COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS DEED OF TRUST OR THE RELATIONSHIP BETWEEN THE PARTIES AS TRUSTOR AND BENEFICIARY THAT IS TRIABLE OF RIGHT BY A JURY.**
- (b) **TRUSTOR AND BENEFICIARY EACH WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.**

9.16 **Waiver of Marshalling.**

- (a) Notwithstanding the existence of any other security interests in the Property held by Beneficiary or by any other party, Beneficiary will have the right to determine the order in which any or all of the Property will be subjected to the remedies provided in this Deed of Trust, the Note, the Loan Agreement or any other Loan Document or applicable law. Beneficiary will have the right to determine the order in which any or all portions of the amounts owed under the Note are satisfied from the proceeds realized upon the exercise of such remedies.
- (b) Trustor and any party who now or in the future acquires a security interest in the Mortgaged Property and who has actual or constructive notice of this Deed of Trust waives any and all right to require the marshalling of assets or to require that any of the Property be sold in the inverse order of alienation or that any of the Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Deed of Trust.

9.17 **Recourse.**

RECOURSE AGAINST THE TRUSTOR WILL BE LIMITED DURING THE PERMANENT TERM (AS DEFINED IN THE INDENTURE) AS PROVIDED IN SECTION 9.24 OF THE LOAN AGREEMENT.

9.18 WAIVER OF SPECIAL DAMAGES.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, NEITHER TRUSTOR NOR ANY PARTY ACCEPTING THIS DEED OF TRUST SHALL ASSERT, AND ALL HEREBY WAIVE, ANY CLAIM AGAINST THE OTHERS 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 DEED OF TRUST AND/OR ANY OF THE OTHER LOAN DOCUMENTS.

[Signature Page Follows]

Doc #02-648461.2

TRUSTOR:

TCD MCM, LP, a Texas limited partnership

By: TCD McMullen GP, LLC, a Texas limited liability company, its general partner

By: Triton Community Development LLC,
a California limited liability company,
its managing member

By: _____

Name: William E. Rice

Title: Managing Member

STATE OF _____ §

§

COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2019, by William E. Rice, the Managing Member of Triton Community Development, LLC, a California limited liability company on behalf of said limited liability company, in its capacity as managing member of TCD McMullen GP, LLC a Texas limited liability company, the general partner of TCD MCM, LP, a Texas limited partnership.

Notary Public, State of Texas

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT "B"

This Deed of Trust is made and accepted subject to those certain liens, easements and encumbrances of title set forth in the Schedule of Exceptions from Coverage to the loan policy issued by _____ Title Insurance Company (File No. _____) insuring the lien of this Deed of Trust.